Annual Securities Report

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

Fiscal Year	From January 1, 2023
(66th Fiscal Term)	to December 31, 2023

Coca-Cola Bottlers Japan Holdings Inc.

（Formerly Coca-Cola Bottlers Japan Inc.）

(E00417）

This is an English translation of the original Annual Securities Report ("Yukashoken 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 Yukashoken Hokokusho and this English translation, Yukashoken Hokokusyo shall prevail.

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[Cover Page]	Securities Report
[Underlying article]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
[Recipient]	Director-General of the Kanto Local Finance Bureau
[Submission date]	March 27, 2024
[Fiscal year]	66th fiscal term (from January 1, 2023, to December 31, 2023)
[Company name]	Coca-Cola Bottlers Japan Holdings Inc.
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[Closest contact point]	9-7-1 Akasaka, Minato-ku, Tokyo
[Telephone number]	+81-800-919-0509
[Name of administrative contact]	Tatsuhiro Ishikawa, Head of Controllers Senior Group Division, Finance
[Location provided for viewing]	Tokyo Stock Exchange, Inc. （2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo）

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The Independent Auditor`s report that is included in Yukashoken Hokokusho is not translated to English. Therefore, it is not included in this English translation.

For the purpose of this Annual Securities 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 I. Corporate overview

1. Changes in key management indicators

(1) Consolidated business indicators

Issuance		International Financial Reporting Standards				
		62nd	63rd	64th	65th	66th
Fiscal year		December 2019	December 2020	December 2021	December 2022	December 2023
Revenue	(Millions of yen)	890,009	791,956	785,837	807,430	868,581
Net income (loss) for the year before income taxes	(Millions of yen)	(58,922)	(12,065)	(21,683)	(12,491)	3,224
Net income (loss) for the year attributable to owners of the parent	(Millions of yen)	(57,952)	(4,715)	(2,503)	(8,070)	1,871
Comprehensive income(loss) attributable to owners of the parent	(Millions of yen)	(52,164)	(2,214)	780	(5,005)	2,209
Equity attributable to owners of the parent	(Millions of yen)	505,999	501,643	492,320	476,216	469,847
Total assets	(Millions of yen)	952,444	939,603	867,111	826,737	844,832
Equity attributable to owners of the parent	(Yen)	2,821.27	2,797.03	2,745.12	2,655.38	2,618.49
Earnings (Losses) per share	(Yen)	(322.22)	(26.29)	(13.96)	(45.00)	10.43
Diluted earnings per share	(Yen)	—	—	—	—	10.36
Ratio of equity attributable to owners of the parent	(%)	53.1	53.4	56.8	57.6	55.6
Ratio of income to equity attributable of the parent	(%)	(10.7)	(0.9)	(0.5)	(1.7)	0.4
PER	(Times)	(8.7)	(61.2)	(94.6)	(31.9)	194.2
Cash flows from operating activities	(Millions of yen)	42,629	43,716	35,982	42,717	59,102
Cash flows from investing activities	(Millions of yen)	(68,308)	(52,076)	15,271	(23,090)	(14,287)
Cash flows from financing activities	(Millions of yen)	73,994	20,912	(67,134)	(46,050)	(15,229)
Cash and cash equivalents at the end of the year	(Millions of yen)	113,825	126,378	110,497	84,074	113,660
Number of the employees [Average number of temporary workers]	(People)	16,959 [3,578]	16,274 [4,008]	15,083 [3,777]	14,484 [3,416]	14,010 [3,163]

(Note)
1. Diluted earnings per share through 63rd fiscal years are not shown in the above table, as there are no residual shares. Diluted earnings per share is not presented, as the effects of dilutive share on earnings per share are anti-dilutive in the 64th and 65th fiscal year.
2. The above indicators are based on the consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").
3. Fractions of one million yen are rounded to the nearest million, and percentages are rounded to the nearest unit.
4. In the 63rd fiscal year, the businesses of Q'sai and its subsidiaries were classified as discontinued operations as a result of the decision made in December 2020 to sell all shares in Q'sai Co. Ltd. held by the Company. Accordingly, the Revenue and the Profit before income tax for the 62nd fiscal year have been reclassified to the amounts for continuing operations excluding discontinued operations.
5. We have introduced Executive reward BIP Trust and Stock-granting ESOP Trust from 66th fiscal year. The Company shares held by these trusts are included in the treasury shares to be deducted from end of years' shares and the average number of shares during the year for calculating the amount of Equity attributable to owners of the parent per share, Earnings (Losses) per share, and Diluted earnings per share.

(2) Management indicators of the Company

Fiscal term		62nd	63rd	64th	65th	66th
Fiscal year-end		December 2019	December 2020	December 2021	December 2022	December 2023
Operating revenue	(Millions of yen)	26,517	19,202	5,797	5,640	6,052
Recurring income	(Millions of yen)	20,273	14,345	1,201	1,869	1,301
Net income	(Millions of yen)	20,702	15,742	18,395	1,562	1,349
Capital share	(Millions of yen)	15,232	15,232	15,232	15,232	15,232
Total number of issued shares	(Thousands of shares)	206,269	206,269	206,269	206,269	206,269
Net assets	(Millions of yen)	331,139	342,391	351,812	344,402	336,844
Total assets	(Millions of yen)	549,683	587,306	543,410	502,941	498,355
Net assets per share	(Yen)	1,846.32	1,909.09	1,961.66	1,920.38	1,877.26
Dividends paid per share (Interim dividends paid per share)	(Yen)	50.00 (25.00)	25.00 (－)	50.00 (25.00)	50.00 (25.00)	50.00 (25.00)
Net profit per share	(Yen)	115.11	87.77	102.57	8.71	7.52
Diluted earnings per share	(Yen)	—	—	102.33	8.68	7.47
Ratio of equity to asset	(%)	60.2	58.3	64.7	68.5	67.6
Ratio of return on equity	(%)	6.2	4.7	5.3	0.4	0.4
PER	(Times)	24.2	18.3	12.9	164.9	269.3
Dividend payout ratio	(%)	43.4	28.5	48.7	573.9	664.9
Number of the employees [Average number of temporary workers]	(People)	— [－]	— [－]	— [－]	— [－]	— [－]
Total Shareholder Return [Comparative index: TOPIX Net Total Return Index]	(%) (%)	70.3 [99.2]	42.1 [106.6]	36.3 [120.2]	40.4 [117.2]	68.5 [178.9]
Highest share price	(Yen)	3,490	3,070	2,131	1,655	2,186
Lowest share price	(Yen)	2,157	1,462	1,236	1,311	1,267

(Note)
1. Diluted earnings per share through 63rd fiscal years are not shown in the above table, as there are no residual shares.
2. The figures of less than one million yen have been rounded off to the nearest million yen.
3. The number of employees has been omitted since we are holding company.
4. The highest and lowest share prices are from Tokyo Stock Exchange Prime Market since April 4th,2022.
5. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others were applied from the beginning of the 65th fiscal year. There is no impact on key management indicators for the 65th term.
6. 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 end of years' shares and the average number of shares during the year for calculating the amount of net assets per share, net profit per share, and diluted earnings per share.

2. History

Month and Year	Summary
Dec. 1960	Nichibei Inryo Co., Ltd. established with 50 million yen in capital at 1-5 Nagahama-cho, Fukuoka City for manufacture and sale of soft drinks
Jul. 1961	Headquarters move to 92 Tenjin-cho, Fukuoka City
Jun. 1962	Agreement on the manufacture and sale of Coca-Cola and Fanta concluded with The Coca-Cola Company and the Coca-Cola (Japan) Company, Limited. granting the right to manufacture and sell Coca-Cola and Fanta in Fukuoka, Saga, and Nagasaki Prefectures
Jul. 1962	Began sales
Mar. 1963	Corporate name changed to Nichibei Coca-Cola Bottling Co., Ltd.
Apr. 1963	Headquarters move to 4127-29 Aza Ashitsugaura, Ohaza Hakozaki, Fukuoka City (now 7-9-66, Hakozaki, Higashi-ku, Fukuoka City)
Sep. 1972	Amended the previous agreements with The Coca-Cola Company and the Coca-Cola (Japan) Company, Limited and newly concluded a license agreement with the Coca-Cola (Japan) Co., Ltd.
Jul. 1973	Corporate name changed to Kitakyushu Coca-Cola Bottling Co., Ltd.
Jun. 1994	Listed on the Fukuoka Share Exchange
Nov. 1996	Listed on the second section of Tokyo Stock Exchange
Jun. 1998	Listed on the first section of the Tokyo Stock Exchange
Feb. 1999	Kitakyushu Coca-Cola Sales Co., Ltd. established
Jun. 1999	Some business transferred to Kitakyushu Coca-Cola Sales Co., Ltd.
Jul. 1999	Consolidated with Sanyo Coca-Cola Bottling Co., Ltd. and corporate name changed to Coca-Cola West Japan Co., Ltd. With the consolidation, Sanyo Coca-Cola Bottling's subsidiary Sanyo Coca-Cola Sales Co., Ltd. became a subsidiary of the Company Listed on the first section of Osaka Securities Exchange and Hiroshima Share Exchange
Apr. 2001	Acquired Mikasa Coca-Cola Bottling Co., Ltd. share, making it a subsidiary
Feb. 2002	West Japan Products Co., Ltd. (later Coca-Cola West Japan Products, Co., Ltd.) established.
Apr. 2002	Some business transferred to Coca-Cola West Japan Products Co., Ltd. (now Coca-Cola West Products, Co., Ltd.) Merged with both Sanyo Coca-Cola Sales Co., Ltd. and Kitakyushu Coca-Cola Sales Co., Ltd.
Jul. 2002	Four subsidiaries running vending business integrated to establish Nishinihon Beverage Co., Ltd. (made defunct through merger dated January 1, 2010)
Oct. 2002	Amended the previous agreement with Coca-Cola (Japan) Company, Limited, and newly concluded a bottler's agreement with The Coca-Cola Company and Coca-Cola (Japan) Company, Limited.
Jan. 2005	Amended the previous agreements with The Coca-Cola Company and Coca-Cola (Japan) Company, Limited, and newly concluded a manufacturing agreement and a distributorship agreement with The Coca-Cola Company and Coca-Cola (Japan) Company, Limited.
Jul. 2006	Corporate name changed to Coca-Cola West Holdings Co., Ltd. and performed a demerger in which rights related to the sales of beverages and food products were succeeded by the newly established Coca-Cola West Japan Co., Ltd. Implemented share exchange making Kinki Coca-Cola Bottling Co., Ltd. a wholly owned subsidiary With the share exchange, Kinki Coca-Cola Bottling's subsidiary Kansai Beverage Service Co., Ltd. (later Nishinihon Beverage Co., Ltd.) became a subsidiary of the Company
Apr. 2007	Invested in Minami Kyushu Coca-Cola Bottling Co., Ltd., and made it an equity-method affiliate
Jan. 2008	Integrated two subsidiaries running manufacturing business to establish Coca-Cola West Products Co., Ltd.
Apr. 2008	Integrated subsidiaries running sales equipment service business to establish Coca-Cola West Equipment Service Co., Ltd.
Jan. 2009	Merged with Coca-Cola West Japan Co., Ltd., Kinki Coca-Cola Bottling Co., Ltd. and Mikasa Coca-Cola Bottling Co., Ltd. and changed the corporate name to Coca-Cola West Company, Limited Amended the previous agreements with The Coca-Cola Company and Coca-Cola (Japan) Company, Limited, and newly concluded a bottler's agreement with The Coca-Cola Company and Coca-Cola (Japan) Company, Limited.
Jan. 2010	Reorganized three subsidiaries running sales to establish West Vending Co., Ltd. (later Coca-Cola Bottlers Japan Vending Inc.), Nishinihon Beverage Co., Ltd. and Coca-Cola West Retail Service Co., Ltd. (Coca-Cola Bottlers Japan Business Services Inc.)
Oct. 2010	Acquired Q'sai CO., LTD. share, making it a wholly owned subsidiary
Apr. 2013	Implemented share exchange making Minami Kyushu Coca-Cola Bottling Co., Ltd. a wholly owned subsidiary
Jan. 2014	Merged with Minami Kyushu Coca-Cola Bottling Co., Ltd.
May. 2015	Acquired Shikoku Coca-Cola Bottling Co., Ltd. share, making it a subsidiary
Apr. 2017	Implemented share exchange making Coca-Cola East Japan Co., Ltd. later Coca-Cola Bottlers Japan Inc. a wholly owned subsidiary Company name changed to Coca-Cola Bottlers Japan Inc. In order to transition to a holding company structure, an absorption-type split was conducted in which businesses other than the Group Management Business and the Asset Management Business were transferred to New CCW Establishment Preparation Co., Ltd..
Jan. 2018	Corporate name changed to Coca-Cola Bottlers Japan Holdings Inc.
Feb. 2021	Transferred all shares of Q'sai.CO., LTD.

3. Description of business

The Group's corporate group consists of the Company, 9 subsidiaries, 1 affiliate with Beverage business as its primary operations. In addition, The Coca-Cola Company is an affiliated company. The following diagram sets out the positioning and business of each company in the Coca-Cola Bottlers Japan Holdings Group's (the "Group") principal business activities. Business categories correspond to segment categories.

Please Note that the Company is a specified listed company as defined in Article 49, Paragraph 2 of the Cabinet Office Order on Restrictions on Securities Transactions. Thus, the criteria for assessing the material facts under the insider trading regulations are determined based on consolidated figures.

Beverage business

(Manufacture and sale of Coca-Cola and beverages)

a. Sales of beverages

Coca-Cola Bottlers Japan Inc., Coca-Cola Bottlers Japan Vending Inc., FV Japan Co., Ltd., Coca-Cola Bottlers Japan Business Services Inc., etc.

b. Manufacture of beverages

Production of beverages is engaged by Coca-Cola Bottlers Japan Inc.,

(Business related to vending machines)

It is engaged by Coca-Cola Bottlers Japan Inc., etc.

(Procurement of ingredients and materials)

It is engaged by Coca-Cola Bottlers Japan Inc.

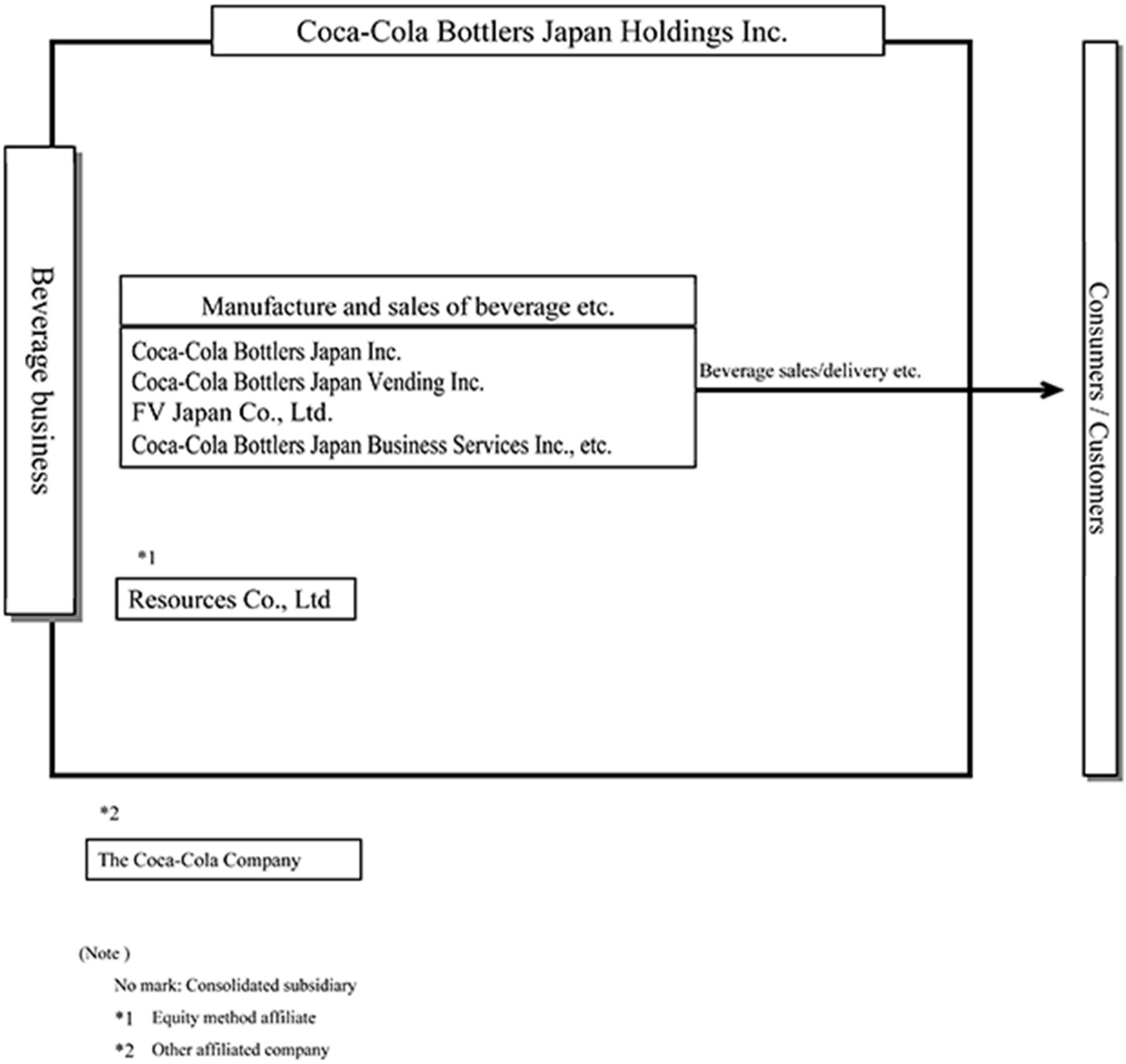
(Development, maintenance, and operations of information systems)

They are engaged by Coca-Cola Bottlers Japan Inc.

The Coca-Cola Company engages in sales of beverages (including beverage base).

(Business Flow Diagram)

The matters described above are shown in the business flow diagram below.



4. Information on affiliates

(1) Consolidated Subsidiaries

Name	Address	Common shares (Millions of yen)	Principal businesses	% Of voting rights interests	Relation
Coca-Cola Bottlers Japan Inc. (Note) 2,3	Minato-ku, Tokyo	100	Manufacture and sale of beverages and foods	100.0	Interlocking directorate: yes Leasing of facilities: yes
Coca-Cola Bottlers Japan Vending Inc. (Note) 1	Shinjuku-ku, Tokyo	80	Operation of vending machines	100.0 (100.0)	―――――
FV Japan Co., Ltd. (Note) 1	Toshima-ku, Tokyo	100	Sale of beverages and foods	100.0 (100.0)	―――――
Coca-Cola Bottlers Japan Business Services Inc. (Note) 1	Minato-ku, Tokyo	80	On-site administration related with sales of beverage/food	100.0 (100.0)	―――――
Other 5 companies					

(Note)
1. The figures in parentheses for the % of voting rights interests column indicates the % of indirect voting interests, which is a part of the total voting interest.
2. It applicable to significant subsidiaries.
3. As for Coca-Cola Bottlers Japan Inc., the proportion of net sales (excluding internal sales among consolidated companies) to consolidated sales exceeds 10%.

Major income statement information.

(JGAAP)	(1) Net revenues	824,001	million yen
	(2) Recurring income	7,338	million yen
	(3) Net income	14,267	million yen
	(4) Net assets	419,249	million yen
	(5) Total assets	695,982	million yen

(2) Equity Method Affiliates

Name	Address	Common shares (Millions of yen)	Principal businesses	% Of voting rights interests	Relation
Resources Co., Ltd. (Note)	Takamatsu-shi, Kagawa	40	Vending machine-related business	44.0 (44.0)	―――――

(Note) The figures in parentheses for the % of voting rights interests column indicates the % of indirect voting interests, which is a part of the total voting interest.

(3) Other Affiliated Companies

Name	Address	Common shares (Millions of dollars	Principal businesses	% of voting rights interests in the Company (%)	Relation
The Coca-Cola Company (Note) 1, 2	Atlanta Georgia U.S. A	1,760	Sales of beverages (including concentrate)	18.55 (18.55)	Interlocking directorate: yes

(Note) 1. The figures in parentheses for the % of voting rights owned are indirect ownership percentage.
2. “Yukashoken Todokedesho” (Securities Registration Statement) or “Yukashoken Hokokusho” (Annual Securities Report) has been submitted.

5. Employees

(1) Consolidated Basis

As of December 31, 2023

Segment	Number of employees
Beverage business	14,010 [3,163]
Total	14,010 [3,163]

(Note) 1. The number of employees excludes employees seconded from the Group to outside the Group and includes employees who are seconded from outside the Group to the Group and the number of temporary employees is shown separately in parentheses as the average number over one year.
2. Temporary employees include part-timers and casual workers, but not workers dispatched by staffing companies.

(2) Parent-alone Basis

Descriptions are omitted because the Company is a holding company

(3) Labor Unions

The Group has the Coca-Cola Bottlers Japan Group East Labor Union and the Coca-Cola Bottlers Japan Group West Labor Union, in addition to labor unions formed in certain subsidiaries, and the total number of members of the labor unions was 12,202 as of December 31, 2023. The Labor Union-management relations have remained cordial.

(4) Female Manager Ratio, Percentage of Male Employees Taking Childcare Leave, and Gender Wage Gap

Consolidated (The Company and Major Consolidated Subsidiaries) *1

Female Manager Ratio (%) *2			**Percentage of Male Employees Taking Childcare Leave (%) *3**			**Gender Wage Gap (%) *2,4**								
						All Employees			Permanent Employees			Non-permanent Employees		
2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
6.1	6.6	7.4	60.2	67.5	83 3	71.6	71.7	73 1	84 1	84.0	84 2	86 1	87 2	88.7

Female Manager Ratio

The Group recognizes that a key issue in increasing the female manager ratio is the development of an environment that fosters female managers and has been working to resolve this issue. In 2021, we launched the “Female People Development Forum”, a forum for discussion on the discovery and development of the next generation of female leaders, set target ratios of female managers for each function, and as a follow-up action, launched training programs for each level of division head, section head, and non-managerial positions, thereby enhancing our efforts on the institutional side. Furthermore, starting in 2023, we have established the internal “International Women's Week” to coincide with International Women's Day (March 8), and have hosted sessions featuring female managers and speakers from other industries. We thereby encourage not only female employees themselves but also the executive leadership teams and employees including division heads to discuss women's careers and work styles, as well as the importance of promoting women to manager positions., Through these efforts, significant progress has been made, including establishing the first female managers in organizations that previously had no female managers. As a result, the Group's female manager ratio is increasing every year.

Percentage of Male Employees Taking Childcare Leave

Based on the results of an internal survey that revealed male employees find it difficult to take childcare leave, the Group has been making efforts both in institutions and in the workplace environment. As for institutions, the deadline for taking paid spousal childbirth leave was extended from within three months to within one year after childbirth. We inform eligible employees and department members about such leave and encourage them to take it. As for the workplace environment, we have distributed "Papa Aprons" to supervisors of male employees whose spouses are expecting a child and are working to foster a culture where employees are simultaneously congratulated and encouraged to take leave during team meetings. In addition, articles were published on our internal website featuring interviews with male employees who have taken leave for a month or longer and their supervisors. These interviews relate specific examples of what they considered important when taking leave and what efforts were made to enable leave for longer periods. Through these efforts, we are working to raise awareness among both male employees and their supervisors regarding the need to take childcare leave. As a result, the percentage of male employees taking childcare leave is increasing every year.

Gender Wage Gap

The Group has an evaluation and compensation system that is commensurate with the roles and achievements of each employee, which is to ensure that there is no wage gap due to gender among employees with the same role and the same achievements. The numerical gap mainly comes from the difference in the composition of jobs and roles between genders. In order to further close the gender wage gap, we will continue the aforementioned efforts to increase the number of female managers.

Consolidated Subsidiaries Required Disclosure *6

	Female Manager Ratio (%) *2			**Percentage of Male Employees Taking Childcare Leave (%) *3**			**Gender Wage Gap (%) *2,4**								
							All Employees			Permanent Employees			Non-permanent Employees		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Coca-Cola Bottlers Japan Inc.	6.1	6 5	7.3	67.7	76.0	93.0	68.4	69.0	69.8	77.5	78.7	78.7	76.1	78.4	77 9
Coca-Cola Bottlers Japan Vending Inc.	0.0	0.0	0.5	50.0	57.3	75.2	56.8	69.0	68.4	78.7	78.7	79.1	94.8	108.6	108.5
FV Japan Co., Ltd.	0.0	2 5	2.6	― (※5)	100.0	― (※5)	50.5	49.5	51.2	71.6	69.2	64.5	95.4	94.8	97 1
Coca-Cola Bottlers Japan Business Services Inc.	14.2	14.5	15.8	78.9	76.9	75.0	78.6	69.9	70.5	88.5	84.7	84.2	91.1	89.9	99 3

(Note)
1. The data for "Consolidated (The Company and Major Consolidated Subsidiaries)" is calculated including Coca-Cola Bottlers Japan Inc., Coca-Cola Bottlers Japan Vending Inc., FV Japan Co., Ltd., Coca-Cola Bottlers Japan Business Services Inc., Coca-Cola Bottlers Japan Benefit, and Coca-Cola Customer Marketing Co , Ltd , in addition to the Company.
2. Data regarding the female manager ratio and the gender wage gap are calculated and disclosed based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
3. The percentage of male employees taking childcare leave is calculated according to the method stipulated in Article 71-4, Item 2 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991), based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members（Act No. 76 of 1991）.
4. Part-time workers are converted to a full-time worker equivalent based on their scheduled working hours.
5. FV Japan Co., Ltd. has no persons who are eligible for disclosure of the percentage of male employees taking childcare leave; therefore, its data is shown as "－".
6. The data for the Company is not shown as it is a holding company and not in the scope of mandatory public announcement based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life and the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members.

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II. Business overview

1. Management policy, management environment and issues to be addressed

(1) Fundamental Management Policy of The Company

The CCBJH Group has established a corporate philosophy encompassing its ‘Mission,’ ‘Vision,’ and ‘Values.’

Our Mission is what we are in business for

Deliver happy moments to everyone while creating value

Our Vision illustrates what we want to be

- We are the preferred partner for our customers
- We win in the market through sustainable growth
- We lead a learning culture with a commitment to grow
- We are the best place to work with pride for Coca-Cola

Our Values reflect what we keep in mind in our daily activities to realize our Mission and Vision

- Learning
- Agility
- Result-orientation
- Integrity

In 2023, we developed our corporate message, “We bottle happy moments.” to convey our core values and future aspirations in a straightforward manner. At the same time, we announced “Vision 2028”, a strategic business plan that outlines our business goals to be achieved over the next five years and the measures to be implemented.

We strive to achieve "Vision 2028," our strategic business plan, by implementing activities based on our corporate philosophy.

Corporate Message

(2) Main targets

In our 5-year strategic business plan “Vison 2028” announced on August 9, 2023, we have set the following goals in order to achieve sustainable profitable growth.

- Revenue Growth: +2~3% CAGR
- Business Income Margin: 5%+, 45~50 billion yen
- Transformation savings :25~35 billion yen
- ROIC:5%+

In 2024, we aim to achieve further profit growth based on the strong results of 2023 and will work to implement a top-line growth strategy centered on maximizing profits, promote further reforms, and build a business foundation that supports profit growth.

Therefore, we expect consolidated revenue in fiscal year 2024 will be 882,400 million yen, an increase of 1.6% versus 2023 with benefits from price revisions, due to sales volume growth +0.5% versus previous year and improvements in mix and wholesale revenue per case. Consolidated business income is expected to be 10,000 million yen, an increase of 393.8% versus previous year. Consolidated operating income is expected to be 11,900 million yen, an increase of 245.8% versus previous year. Net income attributable to the owners of the parent is expected to be 6,900 million yen, an increase of 268.8% versus previous year.

(3) Issues to be addressed by the Company

Regarding outlook for the total domestic NARTD beverage market, although the increase in traffic is expected to continue to contribute to an increase in demand for beverages, the market will be affected by the cycling of the heat wave in 2023 and a decline in consumer sentiment due to domestic inflation, including price revisions for beverages, we expect a slight decrease from 2023 on a volume basis in the beverage market in 2024. In addition, the outlook for commodity and utility prices, package material prices, and exchange rates remains uncertain, so due to these external factors expected to increase cost pressures, we expect the environment to remain challenging.

Under these circumstances, we have positioned 2024 as "a year to strongly build up profit," as the first year of the strategic business plan "Vision 2028," announced in August 2023, and we will work on top-line growth strategy focused on profit maximization, cost saving by promoting company-wide transformation and further strengthening the business foundation.

In the commercial area, we will focus on initiatives aimed at profitable top line growth, through investing in core categories, strengthening our product portfolio through innovation, further transformation of vending channels leveraging technology, thoroughly conducting commercial activities that emphasize profitability including price revisions and strengthening strategic partnerships with key customers. Regarding initiatives by channel, in the important vending channel, we will continue to push ahead with our key transformation initiatives such as placing new vending machines focusing on investment efficiency, implement various measures to increase sales revenue per vending machine and investing in technology foundation that will lead to future growth. In the over the counter channel, we will implement initiatives tailored to the industry and characteristics of our customers, such as product development and sales floor expansion to meet consumer needs and disciplined commercial activities including optimization of marketing investments. In the food service channel, we will continue to work on expanding the line of our products by customers and optimization of sales equipment and product lineup with emphasis on profitability. In January 2024, we implemented a reorganization centered on these three channels, with the aim of speeding up decision-making and improving the driving force of each channel's growth strategy in the commercial organization. In addition, as a strong partnership that will drive growth, we will continue to strengthen our partnership with Coca-Cola (Japan) Co., Ltd.

In the supply chain area, we will strive to further optimize our supply chain network by leveraging the strong infrastructure built to date. Specifically, by increasing manufacturing capacity through improved plant productivity, building a flexible manufacturing system, and optimizing the logistics network, we will promote a "local production for local consumption model," manufacturing products in factories close to the place of consumption, pursue total optimization of the end-to-end process, and reduce transport distance per case to reduce costs and address social issues. Also, by improving the accuracy of the Sales and Operations Planning(S&OP) process and leveraging our mega-DCs, we aim for stable and low-cost supply. We will also work to improve asset turnover through consolidation of sales and distribution centers, effective utilization of existing facilities, and reduction of product inventories by improving the accuracy of inventory management.

In the field of back office and IT, as part of our digital transformation (DX), we will further standardize and automate business processes using technology, integrate various IT systems and data, and promote data-driven management. In addition, we will improve ROIC (return on invested capital) as stated in "Vision 2028" by improving capital efficiency through appropriate management of capital investment and improvement of the balance sheet. We will also focus on promoting sustainability strategies and human capital management that contribute to sustainable growth.

2. Sustainability Approach and Measures

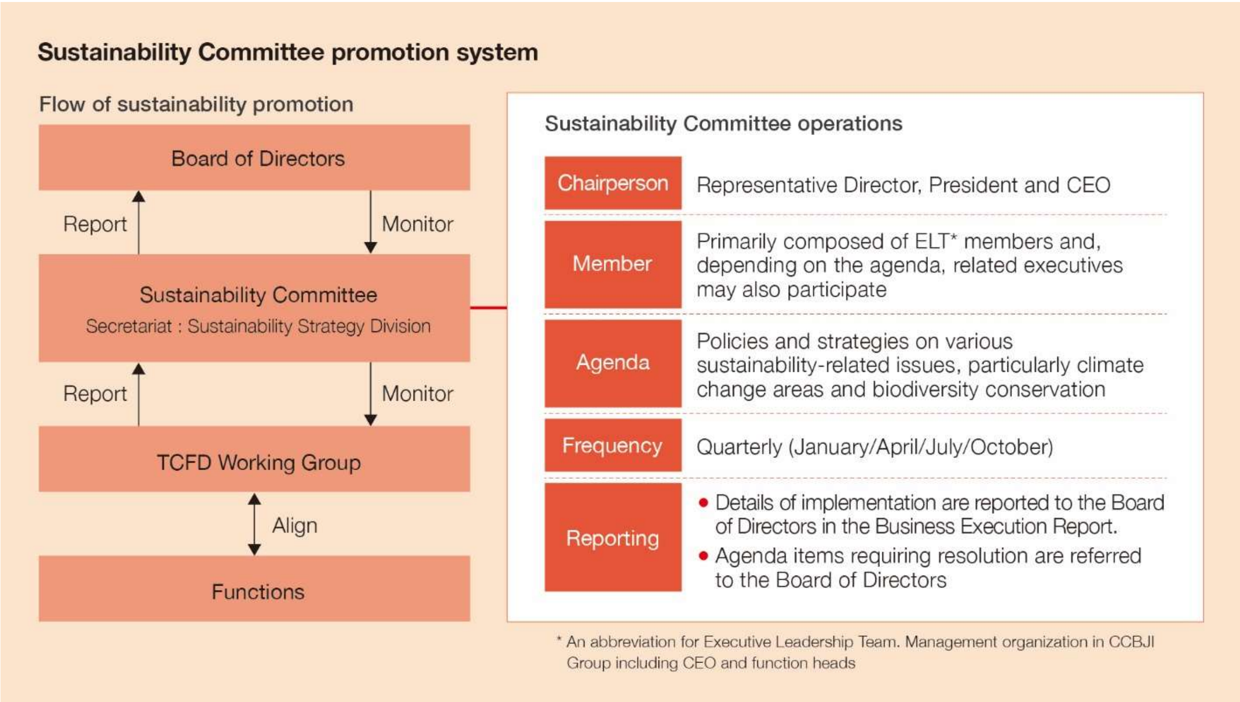
The Group's approach to sustainability and its initiatives are as follows.

Forward-looking statements are based on the Group's judgment as of the end of the current fiscal year under review.

(1) Governance

In 2023 January, we established a Sustainability Committee to strengthen the system for developing policies and strategies related to various issues including climate change and biodiversity, in line with our CSV Goals. On this committee, the executive leadership teams discuss sustainability issues then communicate the decided direction and strategies to ensure all divisions carry out sustainable activities efficiently and comprehensively. In 2023, items such as environmental action plans, TCFD were discussed. In addition, measures to address sustainability-related risks are an important priority for our Board of Directors, and we take risk selection and growth potential into account when establishing management policies.

(Sustainability Committee promotion system in our group)



(2) Strategy

The mission of the CCBJH Group is to deliver happy moments to everyone while creating value. To achieve this, we have made creating shared value (CSV) a cornerstone of management. This means enhancing both economic value through business growth and social value through the resolution of social issues. This is the basis of our sustainability strategy.

While promoting the Sustainability Framework agreed upon in the Coca-Cola System in Japan in 2019, we have also determined that we need to respond to further changes in the social environment and have identified our own 13 materiality in 2023. These are mapped by materiality based on the degree of importance to stakeholders and the Company and organized into "Key Themes in Sustainable Value Provision," "Key Themes in Sustainable Society," and "Key Themes in Sustainable Organizational Management." We are delivering initiatives throughout the value chain to resolve the materiality.

The CCBJH Group's material issue and definitions		
Key Themes in Sustainable Value Provision		
	Packaging and Recycling (Circular Economy)	To achieve the Coca-Cola Company's 2030 Global Vision World Without Waste, we will work on activities such as light-weighting, horizontal recycling, and waste reduction through the three pillars of design, collection, and partnerships. By doing so, we contribute to the promotion of recycling of plastic and other materials in Japan.
	Mitigation of and Adaptation to Climate Change	To mitigate and adapt to climate change, we aim to reduce our environmental impact through initiatives throughout the value chain, including the reduction of our greenhouse gas emissions.
	Employee Development & Wellbeing	We believe that employees are important assets in conducting sustainable business. Therefore, in our human resource development system, we work to create a workplace environment that maximizes and develops the potential of each employee. We focus on our employee's safety and their physical and mental well-being by measures such as enhancing their work-life balance.
Key Themes in Sustainable Society		
	Water Stewardship	As a company whose main product ingredient is water, we strive to reduce, reuse, and properly treat water used in manufacturing. We also work with local communities to conserve water resources in a sustainable manner to pass on abundant water resources to future generations.
	Sustainable Conservation of Biological Resources	We conserve biodiversity and achieve sustainable business by recognizing and reducing the impact on the natural environment and ecosystems whilst making business decisions.
	Healthy Products/Services	We contribute to consumer wellness by providing high value-added products and services that contribute to the maintenance and promotion of health and nutrition.
	Diversity, Equity, and Inclusion	We foster a culture that respects human rights, diversity, and fairness, and create an environment where each individual can maximize their abilities regardless of gender, age, disability, race, nationality, sexual orientation, gender identity or expression, or other attributes throughout the value chain.
	Contribution to Local Community Development	Based on collaboration and communication with local communities and other stakeholders, we engage in activities aimed at developing sustainable local communities and solving social issues. Through our business, we contribute to the revitalization of local economies.
Key Themes in Sustainable Organizational Management		
	Product Quality and Safety	In order to provide safe, high-quality, fresh, and refreshing products and services to our consumers, we implement strict quality systems and processes in all business processes, from raw material procurement, manufacturing, distribution and transportation to sales and service. In this way, we guarantee and improve the safety and quality of our products.
	Resilience to Natural Disasters	We strive to build a system and structure that is safe and robust enough to minimize the impact on our business in the event of any injury to employees and damage to facilities for manufacturing, logistics, sales operations, and business sites caused by large-scale natural disasters such as earthquakes and typhoons.
	Corporate Governance	We strive to build and maintain a strong corporate governance structure to improve management soundness and maximize corporate and shareholder value. In accordance with the intent of the Corporate Governance Code, we strive to improve the skill sets of our directors and all employees, pursue an optimal organizational design for our company, and further strengthen our governance.
	Sustainable Supply Chain	We build a sustainable supply chain through the stable procurement of materials and raw materials, addressing human rights and environmental issues in the supply chain, conducting appropriate transactions and responsible procurement.
	Responsible Commercial Practices	We build our relationships with our consumers by ensuring responsible marketing of our full beverage portfolio, including alcohol, ensuring compliance with all commercial activities in line with laws and regulations. We provide our stakeholders with access to useful and sufficient information on the health and nutrition of our products through easy-to-understand communications.

(3) Risk management

Risk management of Sustainability Approach and Measures e are described in "3. Risk Factor (1) Risk management structure of the CCBJH Group ".

(4) Indicators and targets

Based on the Sustainability Framework of the Coca-Cola System in Japan, the CCBJH Group set CSV Goals as non-financial targets in an effort to promote a sustainable business and society while achieving our Mission. To achieve each of the CSV Goals, we execute initiatives across the value chain, track progress, and steadily move towards their achievement.

CSV Goals and achievement circumstances

Sustainability Framework	Key issues	Category	Target *3	2023 results *4
Inclusion	Diversity & Inclusion	Female managers by 2025	10%	7.4%
		Female managers by 2030	20%	
Communities	Products (Tailored product development/health support)	Low and no calorie options for core brands	100%	100%
		FOSHU/functional product growth (compared to 2016)	300%	226%
		Front-of-pack calorie label and straightforward nutritional information	100%	100%
		Observation of The Coca-Cola Company Responsible Marketing Policy	100%	100%
Resources	Society (Contributions to the local community)	Employee volunteers	10%	20.0%
		Participants in community programs	1,000,000	970,000
		Sustainable materials usage*1 by 2030	100%	42%
	World Without Waste	Ratio of products using sustainable materials*1 by 2025 (number of bottles sold)	100%	80%
		Further lightweight PET packaging by 2030 (compared to 2004)	35%	30%
		Collection percentage compared to sales volume by 2030	100%	94.4%*2
		Extensive partnerships across industry and environmental organizations by 2030		
	Water	Replenishment rate, focusing on watersheds near our plants	200%	411%
		Water usage reduction by 2030	30%	20%
	Climate change	Scope 1 and 2 reductions in greenhouse gas emissions by 2030	50%	20%
		Scope 3 reduction in greenhouse gas emissions by 2030	30%	25%
		Net zero in greenhouse gas emissions by 2050		
		Promotion of renewable energy		
Procurement / Human rights (Strengthening of business foundation)		Sustainable sourcing	100%	100%
		Adherence to Supplier Guiding Principles across the CCBJH Group value chain	100%	100%

(Note)
1. The total of bottle-to-bottle recycled PET materials and plant-derived PET materials
2. PET bottle collection rate (Source: The Council for PET Bottle Recycling "2023 Annual Report of PET Bottle Recycling"
3. Baseline year is 2015 and target year is 2025 unless otherwise stated
4. Climate change is 2022 actual result

(5) Information disclosure based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

The CCBJH Group considers "Mitigation of and Adaptation to Climate Change" as one of our key materiality, and we updated our greenhouse gas (GHG) reduction targets to aim for a 50% reduction of Scope 1 and 2 emissions, and a 30% reduction of Scope 3 by 2030 (compared to 2015). We also aim to achieve carbon neutrality by 2050.

In February 2022 we endorsed the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Furthermore, we have participated in the TCFD Consortium and Climate Change Initiative. In 2023, we joined the GX league. We continue to take action to reduce GHG emissions.

① Governance

Governance related to climate change is described in "(1) Governance".

② Strategy

Our risk analysis has identified climate change as one of the most critical issues to be addressed. We determined that a detailed analysis of climate change was needed so we have been delivering scenario analyses since 2022.Analysis was conducted for both scenarios (A 1.5°C/2°C and 4°C in global temperatures) as they would affect the beverage business, our primary business segment. The worldviews and reference scenarios for each temperature range assumed in the study are shown in the table below.

	1.5/2°C	4°C
Scenario	Climate change response progresses, regulatory and other transitions risks intensify Society where social changes associated with the transition to a decarbonized society are likely to affect business	Climate change response stalls, natural disasters and other physical risks intensify Society in which rising temperatures and other climate changes are likely to affect business
Reference	IEA: NXE, SDS IPCC: RCP1.9, 2.6, 4.5	IEA: STEPS IPCC: RCP8.5

In 2023, the target years were expanded to 2030 and 2050. Quantitative analysis was re-examined, and key risks and opportunities were re-identified, including items that were previously deemed immaterial and excluded from the analysis in 2022. The main risks and opportunities are as follows. In disclosing the impact, we only include the years 2030/2050 for those cases where we believe we can estimate the impact with a relatively high degree of certainty. To minimize risks and maximize opportunities under multiple scenarios, we will reflect measures studied in our management strategy and business plan and incorporate them into our annual plan.

a. Transition risks

Transition risks of high importance	Details	impact	Time of Occurrence	Main mitigation plans
Cost increases due to introduction of carbon pricing	■ Cost increase due to introduction of carbon tax and strengthening of emissions trading system, etc. Increased costs due to price shifting of carbon tax at suppliers	Medium 2030 2050	Mid・Long-term	■ Active adoption of recycled materials, promotion of weight reduction ■ Reduction of raw material consumption through lighter containers/packages, etc.
Cost increases due to energy conservation and GHG emission regulations	■ Cost increase due to capital investment for energy conservation and renewable energy, etc. ■ Increased procurement costs due to increased production costs at suppliers	Medium	Mid・Long-term	■ Reduce dependence on external power supply by introducing renewable energy ■ Shift to use of alternative raw materials (in collaboration with Coca-Cola Japan) ■ Review loading efficiency and delivery routes, expand adoption of next-generation vehicles, consider fuels to green gas, etc.
Decline in sales due to an inadequate response to changes in customer behavior	■ Decrease in sales due to shelf drop and customer defection from retailers, etc.	Medium	Short・Mid	■ Expansion of products in accordance with sustainable procurement ■ Promote environmentally friendly products (e.g., 100% recycled PET/labelless)
Cost increases due to tighter plastics-related regulations	■ Increase in procurement costs for recycled PET resin, etc.	Medium	Mid・Long-term	■ Shift to use of alternative materials active use of recycled materials ■Promote lighter containers
Loss of reputation among investors and financial institutions due to inadequate response	■ Decrease in stock price and increase in financing costs in case of inadequate response	Low	Short・Mid	■ SBT certification and participation in RE100 (Under consideration) ■ Proactive and continuous disclosure and dissemination of information based on TCFD・TNFD-related and other factors

b. Physical risks

Physical risks of high importance	Details	impact	Time of Occurrence	Main mitigation plans
Decrease in manufacturing efficiency and manufacturing volumes due to extreme weather conditions	■ Increased quality maintenance costs due to deteriorating water quality ■Increased response costs due to increased risk of illness	Low	Mid・Long-term	■ Strengthening of BCP response
Business shutdown due to extreme weather conditions	■ Impact of restoration cost and lost sales due to shutdown of factories and other company-owned facilities due to hazardous weather conditions	Medium	Short・Mid	■ Identify and prioritize wind and flood risks in manufacturing sites, sales/distribution sites, and supply chain, and enhance mitigation plans
Scarcity of water-based materials	■ Increased procurement costs due to soaring water prices ■Response costs and lost sales due to plant shutdowns caused by drought	Low	Mid・Long-term	■ Improvement of WUR ■ Strengthening of S&OI response
Raw material procurement risk due to extreme weather conditions	■ Increase in procurement costs of agricultural produce and other raw materials	Medium	Short・Mid	■ Diversification of procurement sources ■ Collaboration with suppliers (e.g., development of agricultural methods, TBC)

c. Opportunities

Opportunities of high importance	Details	Impact	Time of Occurrence	Main mitigation plans
Customer demand increase for products that contribute to energy conservation and GHG reduction	■ Increase in sales due to environmentally friendly raw materials and packaging	Medium	Mid・Long-term	■ Develop and expand environmentally friendly products (e.g., 100% recycled PET bottle, labelless, reusable, package-less)
Cost reduction through efficient supply chain	■ Reduction of electricity costs and GHG emissions by introducing renewable energy and energy-saving equipment ■ Cost reduction through enhanced water efficiency	Medium	Mid・Long-term	■Installation of manufacturing equipment equipped with the latest technology, Continuous improvement of manufacturing processes and plant equipment through monitoring ■ Further promotion of water source replenishment capacity improvement ■ Review loading efficiency and delivery routes, expand adoption of next-generation vehicles, consider fuels to green gas, etc.
Changing customer preferences due to global warming	■ Increase in sales of heat stroke prevention and healthy beverages	Low	Mid・Long-term	■ Develop and promote heat stroke prevention and healthy beverage products

(Note) Impact line: High:10B yen +, Medium: 1-10B yen, Low: below 1B yen

③ Risk management

Risk management of Sustainability Approach and Measures e are described in "3. Risk Factor (1) Risk management structure of the CCBJH Group ".

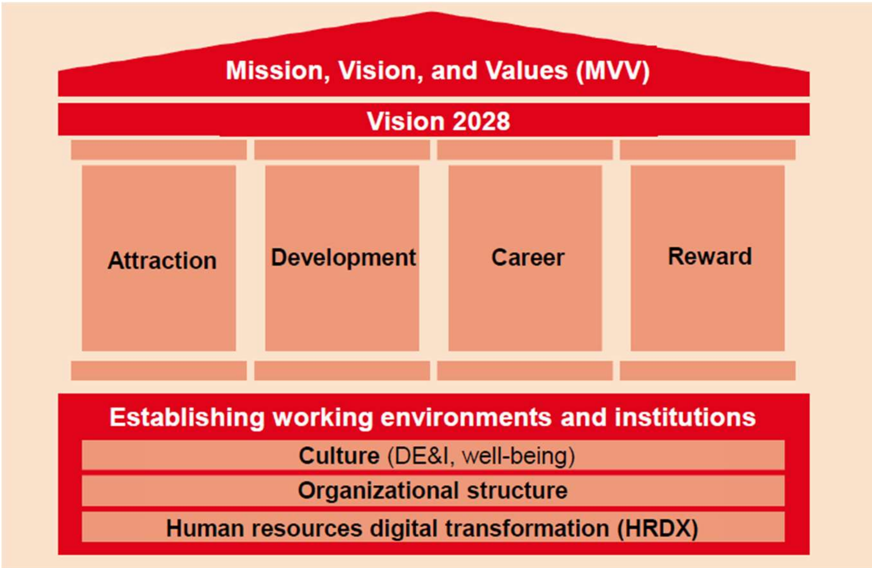
In addition, under this risk management framework, risks that could have a significant impact on our financial position are identified in terms of likelihood and impact. Therefore, climate change is considered one such major risks. We believe that a detailed analysis is necessary regarding climate change and so in 2022 and 2023 we conducted a scenario analysis on climate change risks to evaluate their impact. Transition risks (policy, reputation, technology, market), physical risks (acute, chronic), and opportunities (products and services, markets, energy sources, resource efficiency, resilience) are identified and prioritized based on likelihood of occurrence and impact when they occur.

④ Indicators and targets

Indicators and targets related to climate change are described in "(4) Indicators and targets".

(6) Approach and initiatives for human capital and diversity

We have established People Strategy based on our mission, vision, and values (MVV) and strategic business plan, "Vision 2028", to maximize the value of our human resources. Our People Strategy consists of the four pillars of "attraction," "development," "career," and "reward," as well as the underlying "Establishing working environments and institutions." Thanks to the integration of Japanese bottlers and other developments, we are a company where human resources and cultures espousing various values coexist. To fully leverage these strengths, we are planning and implementing various initiatives. Our aim is to create a comfortable working environment for our employees and develop our human resources to realize sustainable business growth.



① Governance

In our governance related to human capital, issues and solutions on this topic based on the People Strategy have been discussed at regular meetings of our executive leadership team, as necessary. In order to further strengthen our human capital to achieve Vision 2028, we will allocate approximately one-quarter of the regular meetings of our executive leadership team, or once a month, to human capital discussions. In addition, HR data will be utilized to monitor KPIs for key initiatives and discuss challenges toward progress.

② Strategy

Leadership development for sustainable organizational growth

In these times of increasing diversity among people and values and upheavals in the business environment, implementing management strategies swiftly and flexibly to drive transformation is vital. For that to be possible, it is essential to have leaders (key talent) who drive change. We are building a pipeline to secure key talent as part of initiatives of “development” and “career,” which are the core of our People Strategy. The pipeline consists of the key talents who will lead the execution of business strategies and the next-generation leaders who are candidates to succeed them. We have established Coca-Cola University Japan (CCUJ), an in-house university, as a means of continuously producing key talents for each generation and position, strengthening the pipeline, and cultivating those talents. In so doing, we are strengthening the development of talents who will lead transformation based on business strategies.

Initiatives to build capabilities for driving transformation

We are working to improve the capabilities of the entire organization in order to further the transformation. We have implemented a “Career Journey” program that clarifies career paths for the Commercial, Logistics, and Manufacturing divisions to which most of our employees belong. It is designed to make employees aware of their own career plans and give them more opportunities to experience growth. In addition, in order to help employees, develop the skills to realize their career plans, we offer a program called “Knowledge Mall.” This self-development support program enables employees to learn various content in a variety of ways, fostering a culture in which each employee can learn in a self-directed way. We will also focus on efforts to improve the digital and other necessary skills required for organizational transformation to achieve Vision 2028.

Improving mechanisms with a focus on performance

With the aim to sustainably develop the organization, we will accelerate the development and career building process with a greater focus on performance. This is designed to enhance our capabilities as an organization, in the sense that we are a collective of individuals, by further enhancing individual capabilities. We encourage our employees to consider their own short- and medium-term career plans, as well as action plans for skill development to achieve these. They are then interviewed by their supervisors. Going forward, we will further link this system to the improvement of individual employee performance and create an environment that supports the autonomous growth of employees. We will achieve this by encouraging individual growth through regular one-on-one dialogue between supervisors and their team members and providing training appropriate to the nature of each individual’s job.

Diversity, equity, and inclusion

We regard diversity, equity, and inclusion (DE&I) as a material issue toward realizing a sustainable society. We recognize the importance of diversity in meeting the varied needs of our business environment, customers, and partners, and in driving the sustainable growth of our Group. We aim to create an inclusive workplace where every employee, regardless of their background and values, can demonstrate their abilities and fulfill their aspirations. Our management structure places a high value on diversity in all aspects, including nationality, gender, age, and background. We are committed to promoting diversity management through discussions, decision-making processes, and other related activities based on a wide range of perspectives. In order to empower our human resources with disabilities, in 2019 we established a special-purpose subsidiary to create a work environment where each person can demonstrate their unique qualities and abilities. We have established a dedicated organization in the Human Resources and General Affairs Division leading the planning and promotion of Group-wide DE&I initiatives. Through these efforts, we aim to improve the female manager ratio, the gender wage gap, the percentage of male employees taking childcare leave, and the percentage of employees with disabilities. With this, we are committed to creating an environment where everyone, regardless of gender, wants to work and where they can achieve more diverse work styles than ever before.

Improving employee well-being

We have established institutions and mechanisms that allow employees to choose how they work according to their lifestyle and work style so that they can perform at their maximum potential. In addition to promoting work from home and satellite office work to provide flexible work styles, we are striving to ensure that employees enjoy work-life balance by establishing institutions that facilitate work. As an example, for our Commercial Division, we encourage having business meetings online and going straight to clients and back home when possible. It is also an important management issue to maintain and improve the health of our employees, and we are working to foster a health-first corporate culture. We offer a program called "Sawayaka Challenge" to help employees make improvements in the five areas of exercise, smoking cessation, sleep, diet, and mental health. In this program, employees are provided with opportunities to consider how and why they should make health improvements and to take concrete action to build habits. In this way, we aim to improve the well-being of each and every one of our employees by providing an environment that takes into account their comfort, health, and safety.

③ Risk management

Risk management related to human capital is described in "3. Risk Factor (1) Risk management structure of the CCBJH Group ".

④ Metrics and Targets *1

Item	2023 results	Target
Percentage of Employees with Disabilities *2	2.42% (Statutory employment rate: 2.3%)	3.0% (2025)
Female Manager Ratio	7.4%	20.0% (2030)
Percentage of male employees taking childcare leave	83.3%	100.0% (2025)

(Note)
1. Figures shown correspond to the numerical definitions of "(4) Female Manager Ratio, Percentage of Male Employees Taking Childcare Leave, and Gender Wage Gap Note 1" in I. Overview, 5. Employees.
2. Figures listed are from the "Report on the Employment Status of People with Disabilities" (June 1, 2023) submitted to the Director of the Public Employment Security Office with jurisdiction in the fiscal year 2023.

3. Risk factors

This section outlines the major risks identified by the management as having the potential to have significant negative impact on the financial conditions, business performance and cash flow of the consolidated companies.

The future-outlook and assumptions described in this section are those determined by the CCBJH Group as of the date of submission of the Securities Report.

(1) Risk management structure of the CCBJH Group

The CCBJH Group has implemented an overarching business resilience program that integrates the way in which we manage risk and opportunity to enable profitable growth; protect our people and assets; enhance our capabilities to respond in a crisis; and the way we use insurance as a risk transfer mechanism to respond to certain risks.

The program encompasses our enterprise risk management (ERM), crisis response, security, business continuity and insurance strategies which are housed within the Risk Management Senior Group (RMSG) and is led by the Head of Risk Management (HRM). Our ERM PDCA framework is based on COSO and ISO31000 and provides a process to drive profitable growth by leveraging opportunities and promoting appropriate risk-based decision-making, as well as fostering strong capabilities in the identification and response to foreseeable risks. The HRM is tasked with maintaining a wide-angled view of all business streams for emergent risks and opportunities and, through regular reporting, ensures that risk visibility is provided to the executive leadership teams and our Board. The RMSG team works in close collaboration with the risk owners across functions in assessing and managing business risks.

The Board retains overall accountability and responsibility for our risk management and internal control systems, and has defined the Group’s risk appetite, and, through the Audit and Supervisory Committee, reviews the effectiveness of these systems. During the year, the Board was provided full visibility of and actively considered our reportable risks, which are those risks that have the potential to impact the ability of the Group to achieve its strategic objectives.

During this fiscal year, we continued to focus on increasing the involvement of management in the ERM processes. A quarterly risk management forum, comprising senior leaders convenes to review our operational environment and risk status. Functional risk review sessions were held with senior leaders across the business with risk interviews conducted with the executive leadership teams. The team also collaborated with Coca-Cola system stakeholders to build a structure that strengthens the risk management process by also considering the major risks affecting the entire Coca-Cola system.

The identified risks are assessed from the perspective of the level of impact and the likelihood of occurrence. The major risks and opportunities to the business were determined through discussion and evaluation by the executive leadership teams. Under the leadership of the executive leadership teams, risk owners are assigned to the risks and the actions to be taken to address these risks are finalized.

The ERM program incorporates a variety of processes which include alignment to our business strategies, objectives and principles; integration in our Group statements on strategic direction, ethics and values; integration into the business planning cycle; continual monitoring of our internal and external environment for factors that may change our risk profile and create opportunities; establishment of training to increase risk management knowledge across all functions to develop informed risk-taking leaders; and an annual evaluation of the type and amount of insurance purchased to ensure adequate financial protection is in place.

Our ERM activities include monthly risk discussions by the executive leadership teams to identify risks to our operational plans with a formal process, to identify the broader risks and opportunities, being conducted annually. These regular discussions and the formal cyclic process provide CCBJH with the opportunity to grasp the latest risk trends and review the major risks. To realize the Group's growth strategy, the actions to address the major risks are incorporated into the annual business plan of each function. The ERM process is subject to internal audit against global best practices with the Head of Audit making improvement recommendations as required.

(2) Major risks

The major risks that may have a material impact on the CCBJH Group's financial condition, business performance and cash flow are listed in the table below priority order. During the year, IT and cyber security have continued to rise as a risk area due to incidents observed against other companies. Additionally, risks associated with climate change continual to evolve and are in focus by the Group. The risks listed in this table do not necessarily cover all the risks to the business and we may be affected in the future by new and unexpected risks or other risks that are currently considered less important or of a lower operational priority.

Risk category	Description and Potential Impacts	Key mitigations
Cyber Security and System Availability	Business activities being suspended, and confidential information leaking caused by system failures or cyber incidents • Losing trust from consumers and customers • Deterioration of financial conditions	• Prepare countermeasures to mitigate any damage caused by system failures • Improving and strengthening system security by proactive threat identification and conducting simulation tests of cyberattacks • Complying with laws and regulations on information management • Establishing internal regulations related to information security supported by related employee training programs
Commodity Cost Increase	Significant increase in procurement costs due to fluctuations in exchange rates, raw material shortages, commodity prices increase impact on profitability. • Increased cost base • Reduced product supply • Limitations to product portfolio	• Mitigate the impact of exchange rate and product price fluctuations through the uses of derivative transactions • Procure raw materials at lower costs through collective multi system company purchases leveraging Coca-Cola system
Health and Safety	Lack of compliance with safety systems, ownership or accountability and awareness, mental health issues, use of aging equipment cause serious work-related health and safety incidents. • Death or serious injury • Reputation damage • Prosecution and/or fines	• Continue ISO45001 certification/Internal Audit strategies • Continue implementing mental health survey • Varieties of safety measures in place • Education & training to raise awareness • Remodeling of program to leverage Coca-Cola system best practices
People Talent (Attraction and Retention)	Not being able to secure, retain and develop enough human resources and build constructive relationships with labor unions due to poor business performance and a competitive employment environment. • Slowdown or suspension of business activities • Slowdown or suspension of supply chain operations • Inability to achieve growth plans	• Implement strategic people development plans and develop a new salary payment structure • Recruit diverse talent and commitment to people development（including overseas） • Implement unmanned plant operations, online transactions, and outsourcing of shipping operations • Enhance the workplace environment to improve employee satisfaction • Strengthen communication between top management and employees
Changing Consumer Mindset	Changes in consumer preferences caused by growing concerns over sugar consumption and increased health awareness, or pricing. • Acquisition or loss of consumer base • Winning or losing trust from consumer • Discriminatory taxation	• Focus on product innovation and portfolio expansion • Strengthen range of low and no calorie beverages • Diversification in pack sizes • Promote active lifestyles through consumer engagement program
Natural Disasters	Death and injury of employees, damage to business facilities for production, logistics and sales operations caused by events, such as, earthquakes and floods. • Slowdown or suspension of business activities • Slowdown or suspension of supply chain operations • Reduced sales opportunities • Additional costs required for recovery	• Strong Business Continuity Plan (BCP) and crisis response capabilities enabling structured and streamlined responses • Enhance regional response capability through regular crisis and disaster response training and simulations • Identified alternative shipping locations and secure transportation capacity in preparation for a disaster that damages the logistics centers • Insurance earthquake coverage
Evolving Commercial and Competitor Landscapes	Inability to respond to changes effectively and efficiently in the retail environment. • Acquisition or loss of consumer base • Winning or losing trust from consumers • Reduced sales profit • Reduced portfolio availability	• Enhancing the product portfolio and accelerated productivity further to deliver products that meet the needs of the retailers • Enhancing Right Execution Daily (RED) to drive operational excellence • Expanding the online channels to respond to the surge in Internet mail orders
Growth Strategies	Risk of failing to implement measures to improve our competitive advantage and grow the business (such as, through business integration, capital investments, product development, etc.). • Deterioration of financial conditions caused by loss due to impairment • Losing trust from shareholders	• Building a robust system that enables the group to respond readily and flexibly to various circumstances • Formulate business integration strategies that take multiple scenarios into consideration • Supervision by Board of Directors and Executive Officers

Risk category	Description and Potential Impacts	Key mitigations
Sustainability	Failing to respond to changes in stakeholders' awareness of sustainability including climate change risks and/or adequately report on sustainability and ESG topics in line with stakeholder and regulatory requirements. • Reputation damage with a reduction in stakeholder trust. • Increase in investor activism in the area of climate change. • Financial impacts - loss of sales if customer expectations on climate change are not meet and they shift to competitors.	• Achieving CSV goals contributing to the development of a sustainable society • "World Without Waste" initiatives including, increasing the use rate of recycled PET resin, developing more light-weighted packages, and collecting used PET bottles more effectively • Proactive response in line with ESG, TCFD and TNFD reporting requirements.
Quality and Food Safety	Product related quality and food safety incidents • Losing trust from consumers • Decline in earnings due to product recall or mass disposal of defective products • Loss of opportunities due to penalties	• Supplier quality audits and quality certifications • Employee awareness of quality control in all processes from manufacturing to sales • Enhance the quality control and reporting system so that consumer/customer complaints receive a timely response • Robust identification and response programs that enable us to quickly and efficiently deal with quality/food safety issues
Regulatory Compliance and Ethics	Violations of laws, internal regulations, and our code of ethical conducts • Loss of customer and consumer trust • Damage to brand and corporate reputation • Regulatory penalties • Economic loss through fraud	• Strong Tone from the Top and continued internal communication on corporate behaviors • Ethics & Compliance Committee meetings held regularly • Minimizing employee fraud opportunities by rebuilding the business processes, organizational structure, and IT systems
Manufacturing, Logistics & Infrastructure	The stable supply of goods being impeded due to issues in production and logistics operations, or changes in weather and consumer behaviors • Drop in sales volume and revenue • Losing trust from customers	• Building a flexible supply system to respond to changes in the market environment • CAPEX investment in infrastructure (production lines, etc.) that will enable the group to respond to the increase in demand during the peak seasons more readily • Systems enhancements to enable timely sharing of inventory status
Climate change	Becoming short of raw materials including water and agricultural products due to climate change. • Reduced commodity availability and product supply • Increase of production costs • Limitations to product portfolio • Discriminatory taxation	• Focus on sustainable procurement. • Engagement with stakeholders • Sourcing alternative suppliers, and strengthening the selection of suppliers and their management by utilizing the performance data • Adjust the level of raw materials that are difficult to procure, and shift to other raw materials when necessary
Franchise relationships	Risk related to our high dependency on, or changes to our relationship with The Coca-Cola Company (TCCC) and Coca-Cola (Japan) Company (CCJC) as trademark owners in respect to contract / relationship terms and renewals, concentrate pricing, support for product promotions. • Decrease in sales from any suspension in the use of TM rights and/or decline in product development capabilities and brand power. • Increased COGS due to concentrate price. • Increased sales promotion expenses in event of any decrease in sales support	• Maintaining and improving cooperative relationships with TCCC and CCJC

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

Financial Summary

(1) Overview of Full-Year 2023 Results

Coca-Cola Bottlers Japan Holdings Inc. (“CCBJH,” the “Company,” or “we”) announced the full-year results for the fiscal year (January 1, 2023, to December 31, 2023).

In this fiscal year, the total domestic nonalcoholic ready-to-drink (NARTD) beverage industry volume is estimated to have grown by about 1% versus 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 negative impact on demand from the price revisions implemented by beverage companies had an impact. The business environment remained uncertain as the rising commodity, utility prices, and the yen's depreciation impacted business and consumer behavior.

Under these circumstances, we have positioned 2023 as the “Year of profit focus,” and have prioritized improving profitability. In commercial activity, we implemented two price revisions as one of the most important initiatives for profitability improvement with a focus on steady implementation and maintaining shipping prices following the price revisions. In addition, we have been thoroughly implementing disciplined commercial activities throughout the year to maximize the effects of improved profitability and investment efficiency. To capture the increased demand from both the record breaking heat wave and recovery in traffic, 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 the yen's depreciation, to capture the opportunity of increased demand for sales volume and profit growth, we have worked on the stable operation of the Sales and Operations Planning process (S&OP), which was revamped in the previous year, and improved the supply network to ensure stable supply of products and reduction of total manufacturing and logistics costs. We expanded capacity with a new line at the Ebina Plant and other initiatives to improve manufacturing processes. We reduced transport distance per case by building a supply network by area and leveraging Mega Distribution Centers (DCs).

In August, we announced “Vision 2028,” our strategic business plan that runs from 2024 to 2028. KPI targets are annual revenue growth of 2 to 3%, a business income margin of 5% or higher, and return on invested capital (ROIC) of 5% or higher by 2028. We have outlined our key strategies and commitments to achieve this plan. Additionally, we are working to implement key transformation initiatives ahead of schedule. We are executing marketing and human capital investments to foster growth in 2024 and beyond. This effort aims to start "Vision 2028" with a strong momentum.

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. These include conserving water resources and enhancing PET bottle recycling. Through collaboration to foster a recycling-based society, we aim to reduce environmental impact and expand business opportunities.

To contribute to communities through business activity, we donate products to food banks and deploy vending machines that support local activities. As part of our human capital management, we promote Diversity, Equity & Inclusion (DE&I) to create a friendly working environment for employees with different backgrounds and values. Our ESG initiatives, including these efforts, have received high recognition. For the sixth consecutive year, leading global ESG investment index DJSI Asia Pacific has selected our company as a component of the index.

Details for the fiscal year earnings are as follows.

Summary of Business Performance

(Millions of yen except sales volume)

Full Year (January to December)

	2022	**2023**	Change (%)
Revenue	807,430	**868,581**	7.6
Sales volume (million cases)	478	**492**	3
Gross Profit	351,755	**384,216**	9.2
Selling, General & Administrative Expenses	365,295	**381,022**	4.3
Other income (Recurring)	974	**728**	(25.3)
Other expenses (Recurring)	1,924	**1,890**	(1.8)
Investment income (loss) on equity method	46	**(7)**	―
Business Income (Loss)	(14,443)	**2,025**	―
Other income (non-recurring)	8,338	**4,429**	(46.9)
Other expenses (non-recurring)	5,408	**3,012**	(44.3)
Operating Income (Loss)	(11,513)	**3,441**	―
Net Income (Loss) Attributable to Owners of Parent	(8,070)	**1,871**	―

(For reference) The fourth quarter (October to December)

	2022	**2023**	Change (%)
Revenue	195,109	**204,756**	4.9
Sales volume (million cases)	112	**113**	1
Gross Profit	84,439	**89,621**	6.1
Selling, General & Administrative Expenses	86,973	**93,062**	7.0
Other income (Recurring)	280	**194**	(30.9)
Other expenses (Recurring)	982	**588**	(40.1)
Investment loss on equity method	(11)	**(8)**	―
Business Loss	(3,247)	**(3,842)**	―
Other income (non-recurring)	900	**2,252**	150.1
Other expenses (non-recurring)	2,114	**1,089**	(48.5)
Operating Loss	(4,460)	**(2,680)**	―
Net Loss Attributable to Owners of Parent	(2,876)	**(1,991)**	―

(Note)
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 868,581 million yen (an increase of 61,150 million yen or 7.6% from the previous year). Despite the negative impact on volume following price revisions, sales volume increased by 3% versus the previous year. This was achieved with the introduction of new products, effective marketing activities captured demand opportunity from recovering traffic, and the heat wave. Efforts were also made to strengthen customer engagement. Since 2022 we have implemented a series of price revisions. Our efforts to enhance and maintain revised shipping prices of products have improved wholesale revenue per-case in all channels, with revenue growth exceeding the sales volume growth rate.

Consolidated business income improved by 16,468million yen and was 2,025 million yen (14,443 million-yen loss in previous fiscal year). This improvement is attributed to profit contributions from top-line growth, sales volume, and wholesale revenue per case. A reduction in marketing expense, achieved through cost-effectiveness, also played a role. Lower logistics costs from supply chain improvements were also a factor. Despite the impact of higher commodity and utility prices, and yen depreciation, profitability improved. Commercial activities captured growth opportunities from the heat wave. The steady implementation of key transformation initiatives to improve profitability generated benefits ahead of plan. Full-year business income returned to profit and exceeded the plan that was revised upwards in November 2023.

Consolidated operating income improved by 14,954million yen and was 3,441 million yen (11,513 million-yen loss in previous fiscal year). In addition to business income growing versus the previous year being the primary reason, there was a cycling impact of gains from Government subsidies for temporary leave recorded in the previous year which lowered other income (non-recurring). Other income (non-recurring) includes 4,401 million yen in gains on sales and disposals of property, plant, and equipment, which was realized in the process of improving the balance sheet this year. Other expenses (non-recurring) include 2,491 million yen in business structure improvement expenses related to the implementation of fundamental transformation.

Net income attributable to owners of the parent improved by 9,941 million yen with operating income growing from the previous fiscal year and was 1,871 million yen (8,070 million-yen loss in previous fiscal year).

Sales volume trends (% change from previous year)

Sales volume grew by 3% for the full year. As a benefit of the price revisions, wholesale revenue per case improved by more than double digits versus the previous year in all channels. For the fourth quarter (October 1, 2023, to December 31, 2023), although impacted by a decrease in volume from the October price revisions for large PET bottles, sales volume increased by 1% with the cycling of the price revisions for small packages implemented in the previous fiscal year.

By channel, sales volume declined by 4% in supermarkets despite campaigns and product launches to capture opportunities for increased demand driven by recovering traffic and the heat wave. In the main this was due to a decrease in volume following the series of price revisions implemented since 2022. Sales volume at drugstores and discounters despite being impacted by price revisions increased by 2% with sales volume growth in large and medium PET bottles, reflecting market expansion in this channel as consumers become more cost-conscious. Vending sales volume grew by 1%, supported by the market share base we have built to date and by campaigns implemented through the Coke ON smartphone app, contributing to capturing demand from the heat wave and traffic recovery. The price revision of small PET bottle and can products continued to impact vending volume. Wholesale revenue per case in vending improved greatly from the previous year with the price revisions. In CVS, although the competitive environment remained severe, efforts aimed at expanding our mainstay products carried at customer stores, expanding shelf space, and strengthening customer engagement, have started to show results from the third quarter onwards resulting in a 5% increase in sales volume for the full year. In retail & food, sales volume increased by 10% with the traffic returning to restaurants and amusement facilities. In online, volume grew by 12% despite the intensifying competitive environment, strengthened product lineup and tie-up promotions implemented together with contributions from major online customers.

By beverage category performance, sparkling sales volume grew by 3%, 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 declined by 1% due to impact from the price revisions, 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. Medium PET bottle products captured at-home demand, despite volume being impacted from the price revisions. In sports, sales volume decreased by 4% due to the price revision impact, despite the contribution from new product Aquarius NEWATER. Water sales volume grew by 13% with demand driven by the heat wave and contributions from the I LOHAS Natural Water with the 2022 renewed bottle design and I LOHAS Peach. Juice sales volume increased by 13% with the recovery at restaurants as well as contributions from new product Minute Maid Gyutto! Fruits.

In the alcohol category, despite the contributions from new products such as Jack Daniel's & Coca-Cola, and non-alcoholic beverages such as Yowanai Lemon-dou which has been performing well since its launch, sales volume was impacted by the price revisions and declined by 12%.

(2) Cash Flow

The cash flow conditions for the current fiscal year are as follows:

<Cash Flows from Operating Activities >

Net cash generated from operating activities was 59,102 million yen (42,717 million yen generated from operating activities in the previous fiscal year). This is mainly due to an income before income taxes of 3,224 million yen, “Depreciation and amortization” and an “Increase in trade and other payables” were recorded.

<Cash Flows from Investing Activities>

Net cash used for investing activities was 14,287million yen (23,090 million 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 15,229 million yen (46,050 million 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 year were 113,660 million yen, an increase of 29,586 million yen compared to the end of the previous fiscal year.

Overview of production, orders received and sales

(1) Production results

Production results by business segment for the current fiscal year are as follows:

Segment name	Millions of yen	Year-to-year comparison (%)
Beverage business	532,428	101.1

(Note) Amounts primarily constitute production costs.

(2) Procurement results

Procurement results by segment for the current fiscal year are as follows:

Segment name	Millions of yen	Year-to-year comparison (%)
Beverage business	67,541	107.6

(Note) Amounts are based on purchase prices.

(3) Orders received

Order status is omitted as the Group mainly engages in prospective production.

(4) Sales results

Sales results by segment for the current fiscal year are as follows:

Segment name	Millions of Yen	Year-to-year comparison (%)
Beverage business	868,581	107.6

(Note) Information on sales by major customer is omitted, as there are no counterparties with whom the ratio to overall sales exceeds 10%

Analysis of financial condition, results of operations and cash flows

(1) Materials accounting policies and estimates

The consolidated financial statements of the Group are prepared in accordance with IFRS. In preparing these consolidated financial statements, certain items, including provisions, are based on estimates made by the Group. These estimates are based on the Group’s historical results and matters that are deemed reasonable considering the future plans. The accounting standards are described in 1. Consolidated financial statements, (1) Notes to Consolidated financial statements, 4. Significant accounting judgments, estimates and assumptions under 5. Financial information.

(2) Analysis of financial position at the end of the fiscal year

The ratio of the Group's equity attributable to owners of the parent to total assets at the end of the fiscal year was 55.6%, and we believe that our financial position remains sound.

Major factors of changes from the end of the previous fiscal year for each major item in the consolidated statement of financial position are as follows:

(Assets)

Assets at the end of the year were 844,832 million yen, an increase of 18,096 million yen from the end of the previous fiscal year. This is mainly due to an increase in “Cash and cash equivalents” and “Trade and other receivables,” while a decrease in “Property, plant, and equipment” through the progress made in balance sheet optimization.

(Liabilities)

Liabilities at the end of the year were 374,812 million yen, an increase of 24,434million yen from the end of the previous fiscal year. This is mainly due to an increase in “Trade and other payables” and “Income taxes payables.”

(Equity)

Equity at the end of the year was 470,021 million yen, a decrease of 6,338 million yen. This mainly reflects a decrease in “Retained earnings” due to dividend payments, while net income for the year was recorded.

Cash and cash equivalents at the end of this year was 113,660 million yen, an increase of 29,586 million yen (35.2%). See the consolidated statements of cash flows in “Overview of financial results, (2) Cash flows” for more details.

(3) Analysis of results of operation for the current fiscal year

An overview of results of operation for the fiscal year is as described in “Overview of financial results, (1) Results of operations.” Major changes from the previous fiscal year for each major item in the consolidated statements of profit or loss are as follows:

(Revenue)

Revenue for the current fiscal year increased 61,150 million yen(7.6% from the previous fiscal year) to 868,581 million yen.

(Operating income)

Operating loss for the current fiscal year increased 14,954 million yen from the previous fiscal year to 3,441 million yen (The previous year's operating loss was 11,513 million yen).

(Net income for the current fiscal year)

Net income for the current fiscal year for the fiscal year increased 9,962 million yen from the previous fiscal year to 1,903 million yen. (The previous fiscal year's net loss was 8,059 million yen)

(Net income for the current fiscal year attributable to owners of the parent)

Net income for the current year attributable to owners of the parent for the fiscal year increased 9,941 million yen, from the previous fiscal year to 1,871 million yen. (The previous year's Net loss for the year attributable to owners of the parent was 8,070 million yen.)

(4) Factors affecting financial position and results of operations

Factors that have could significantly impact the Group's financial position and results of operations are described in “3. Risk factors.”

5. Important agreements for business

The Bottler's Agreement

We have concluded the Bottler's Agreement with The Coca-Cola Company and Coca-Cola (Japan) Company Limited for the manufacture and sale of Coca-Cola, Fanta, Sprite, Real Gold, Georgia, Aquarius, Qoo, Sokenbicha, Huang, and Kochakaden, etc. and for the use of trademarks in Tokyo, Osaka, Kyoto, and 35 prefectures, including the South Tohoku, Kanto, Koshinetsu, Chubu, Kinki, Chugoku, Shikoku, and Kyushu regions. Under this agreement, we have entered into the Delegation of Manufacturing and Distribution Rights under Bottler's Agreement with The Coca-Cola Company and Coca-Cola (Japan) Company Limited to entrust the bottling business to Coca-Cola Bottlers Japan Inc.

6. Research and development activities

Not applicable.

III. Information about facilities

1. Overview of capital expenditures

The Group implemented capital expenditures totaling 33,668 million yen during the current fiscal year. The main contents of this investment were the introduction of vending machines and other products to the market to strengthen sales capabilities, improvement of manufacturing efficiency, and acquisition of facilities for new products.

Capital expenditures include the amounts for property, plant and equipment, Right-of-use assets, and intangible assets.

2. Major facilities

Major facilities in the Group are as follows: The carrying amount is presented in accordance with IFRS.

(1) Segment breakdown

As of December 31, 2023

Name of reporting segment	Carrying amount						Number of employees (People)
	Buildings and structures (Millions of yen)	Machinery and vehicles (Millions of yen)	Vending machines (Millions of yen)	Land (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)	
Beverage business	85,271	96,096	86,579	132,811	36,546	437,304	14,010 [3,163]

(2) The reportable segments

As of December 31, 2023

Name of office (Location)	Name of reporting segment	Details of facilities	Carrying amount						Number of employees (People)
			Buildings and structures (Millions of yen)	Machinery and vehicles (Millions of yen)	Vending machines (Millions of yen)	Land (Millions of yen) (Square footage: in thousands of m^2)	Other (Millions of yen)	Total (Millions of yen)	
Head-office and others (Minato-ku, Tokyo, other)	Beverage business	Overall management, production, sales, logistics bases, etc.	15,603	6	―	47,278 (1,414)	3,476	66,362	―

(Note) The number of employees is omitted since we are a holding company.

(3) Domestic subsidiaries

As of December 31, 2023

Name (Location)	Name of reporting segment	Details of facilities	Carrying amount						Number of employees (People)
			Buildings and structures (Millions of yen)	Machinery and vehicles (Millions of yen)	Vending machines (Millions of yen)	Land (Millions of yen) [Square footage: in thousands of m^2]	Other (Millions of yen)	Total (Millions of yen)	
Coca-Cola Bottlers Japan Inc. (Minato-ku, Tokyo)	Beverage business	Production, sales, logistics bases, etc.	69,543	96,083	71,953	67,997 (2,064) [148]	33,068	338,643	7,325 [1,008]
FV Japan Co., Ltd. (Toshima-ku, Tokyo)	Beverage business	Vending machines, etc.	44	6	14,760	496 (9) [5]	―	15,306	255 [110]

(Note) 1. "Other" in "Carrying amount" consists of "Construction in progress" in property, plant and equipment, right-of-use assets, and "Software" in intangible assets.
2. Figures in [] of land (Square footage: in thousands of m^2) are the area of leased land (Square footage: in thousands of m^2) and are not included in each figure.
3. Figures in [] of number of employees are the number of temporary workers and are not included in each figure.

3. Planned additions, disposals facilities

The Group's capital expenditures are planned based on our budget formulation policy.

In principle, each company formulates its own facility plans, however, the reportable segment makes adjustments.

The Group's significant plans for the construction, renovation, etc. of facilities as of the end of the current fiscal year are as follows:

We have no plans to sell or retire any significant assets.

Name of company	Name of office (Location)	Name of reporting segment	Details of Facilities	Total planned expenditures (Millions of yen)	Amount paid (Millions of yen)	Way of financing	Scheduled start date	Scheduled completion date
Coca-Cola Bottlers Japan Inc.	Each branch (-)	Beverage business	Vending machines and cooler, etc.	17,181	－	Own fund	Jan. 2024	Dec. 2024

IV. Information about reportable segment

1. Information about shares

(1) Total number of shares

① Total number of shares

Type	Total number of authorized shares
Common shares	500,000,000
Total	500,000,000

② Issued shares

Class	Number of issued shares at the end of the fiscal year (As of December 31, 2023)	Number of issued shares at the filing date (As of March 27, 2024)	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) Share acquisition rights

① Details of the share option plan

Not applicable.

② Description of rights plan

Not applicable.

③ 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)
April 1, 2017 (Note)	95,143	206,269	－	15,232	－	108,167

(Note) Share exchange with Coca-Cola East Japan Co., Ltd. (Exchange ratio: 0.75 shares of ordinary share per Common shares of Coca-Cola East Japan Co., Ltd.)

(5) Shareholding by shareholder category

As of December 31, 2023

Category	Status of shares (number of shares constituting one unit: 100 shares)								Number of shares less than one unit (Shares)
	National and local governments	Financial institutions	Financial service providers	Other corporations	Foreigners		Individuals and others	Total	
					Other than individual	Individuals			
Number of shareholders (people)	－	36	33	646	289	146	50,390	51,540	－
Number of shares held (units)	－	395,693	79,941	609,866	481,450	643	487,676	2,055,269	741,693
Percentage of shareholdings (%)	－	19.25	3.89	29.67	23.43	0.03	23.73	100.000	－

(Note) 1. "Individuals and Others" and "number of shares less than one unit" column include 237,841 units and 52 shares of treasury share owned by the Company, respectively.

2. "Other corporations" and "Shares less than one unit" include 23 units and 60 shares in the name of Japan Securities Depository Center, Inc., respectively.

(6) Major shareholders

As of December 31, 2023

Name	Address	Number of shares held (thousands of shares)	Percentage of the number of shares held to the total number of issued shares (excluding treasury share) (%)
Coca-Cola (Japan) Co., Ltd.	4-6-3, Shibuya, Shibuya-ku, Tokyo	27,956	15.32
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo	21,163	11.60
GOLDMAN SACHS INTERNATIONAL (Standing proxy: Goldman Sachs Japan)	Plumtree Court, 25 Shoe Lane, London EC4A 4AU, U.K. (6-10-1 Roppongi, Minato-ku, Tokyo)	7,282	3.99
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	6,895	3.78
Ichimura Foundation for New Technology	1-26-10, Kitamagome, Ota-ku, Tokyo	5,295	2.90
J.P. Morgan	Tokyo Building, 7-3, Marunouchi 2-chome, Chiyoda-Ku, Tokyo	4,734	2.59
Satsuma Shuzo Co., Ltd.	26 Kamimotocho, Makurazaki-shi, Kagoshima	4,406	2.41
Senshusha Co., Ltd.	339 Noda, Noda-shi, Chiba	4,088	2.24
Coca-Cola Holdings West Japan Inc. (Standing proxy: Coca-Cola (Japan) Company, Limited)	1013 Wilmington Center Road, U.S.A. Delaware (4-6-3 Shibuya, Shibuya-ku, Tokyo)	4,075	2.23
Mitsubishi Heavy Industries Machinery Systems, Ltd.	1-1-1, Wadazakicho, Hyogo-ku, Kobe-shi, Hyogo	3,912	2.14
Total	—	89,806	49.21

(Note) The treasury shares (23,784 thousand shares) are excluded from the list above and from the calculation of ratio of shareholding because they do not have voting rights. Also, the treasury shares do not include the Company shares held by Executive reward BIP Trust are and Stock-granting ESOP Trust.

(7) Voting rights

① Issued shares

As of December 31, 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 23,784,100	–	–
Shares with full voting rights (Others)	Common shares 181,742,800	1,817,428	–
Odd lot shares	Common shares 741,693	–	–
Total number of issued shares	206,268,593		–
Voting rights of all shareholders	–	1,817,428	–

(Note) 1. "Shares with voting rights (others)" includes 2,300 shares (23 voting rights) held in the name of Japan Securities Depository Center, Inc.

2. Common shares in the column "Shares with full voting rights (other)" includes 1,260,900 shares (number of voting rights: 12,609) held by Executive reward BIP Trust and 1,789,100 shares (number of voting rights: 17,891) held by Stock-granting ESOP Trust.

② Treasury share

As of December 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	23,784,100	–	23,784,100	11.53
Total	–	23,784,100	–	23,784,100	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.

(8) Details of executive and employee share ownership schemes

(Executive reward BIP Trust)

① Outline of the System

The Company has introduced a long-term incentive (share-based compensation) system for the Company's executive directors using the Executive reward BIP trust structure in accordance with the resolution at the 2023 Annual General Meeting of Shareholders hold on March 28, 2023.

The Board Incentive Plan (BIP) Trust is a share-based compensation plan under which the trust established by the Company acquires the Company's shares with money contributed by the Company, and the Company's shares are delivered to the executive directors.

An overview of this system is provided in 4. Corporate Governance, etc. (4) Compensation, etc., of Directors and Corporate Auditors.

② Total number or total amount of shares to be acquired by the executive directors

The Company will contribute up to 2,880 million yen as compensation to the executive directors during the initial trust period (from May 2023 to May 2026). The maximum number of points to be granted to executive directors from the ESOP Trust shall be 1,800,000 points (1 point = 1 share of Common shares) per 3 fiscal years.

③ Scope of persons entitled to beneficial interests and other rights under the plan

Executive directors of the Company who satisfy the requirements for beneficiaries.

(Stock-granting ESOP Trust)

① Outline of the System

Based on the resolution of the Board of Directors meeting held on May 12, 2023, the Company introduced the Employee Stock Ownership Plan (ESOP) Trust (the "ESOP Trust") (the "Plan"), an employee incentive plan for executive officers of the Company, employees recognized by the Company and executive officers and employees of group subsidiaries determined by the Company (the "Executive Officers, etc.").

This plan is an incentive plan for employees based on the ESOP plan in the U.S., under which the Company's shares acquired by the ESOP Trust are delivered to executive officers, etc. who satisfy certain requirements in accordance with predetermined stock compensation rules.

The purpose of this plan is to increase the willingness of executive officers, etc. subject to this plan to contribute to the medium- and long-term improvement of the corporate value of our group companies and to the increase in stock prices, to strengthen the competitiveness of recruitment and retention of excellent human resources with rich diversity in terms of nationality, experience, etc., and to share the awareness of profits with our shareholders and to further increase the incentive to improve the corporate value. The purpose of this plan is to further increase the incentive to share the awareness of profits with shareholders and to improve corporate value.

② Total number or total amount of shares to be acquired by the executive directors

The Company will contribute up to 2,798 million yen as compensation to the executive directors during the initial trust period (from May 2023 to May 2026).

③ Scope of persons entitled to beneficial interests and other rights under the plan

Executive officers of the Company and its group companies who satisfy the requirements for beneficiaries

2. Acquisition of treasury share

Classes of shares: Acquisitions of Common shares falling under Article 155 Paragraph 7 of the Companies Act.

(1) Acquisitions by resolution of shareholders' meeting

Not applicable.

(2) Acquisitions by resolution of board of directors' meeting

Not applicable.

(3) Acquisitions not based on resolution of shareholders' meeting or the resolution of board of directors' meeting

Acquisition of shares less than one unit pursuant to the provisions of Article 192, Paragraph 1 of the Companies Act

Category	Number of shares (Shares)	Total amount (Yen)
Acquired treasury share during the fiscal year	3,221	5,378,818
Acquired treasury share during the period	807	1,621,466

(Note) "Acquired treasury share during the period" does not include shares acquired due to requests for purchase of shares less than one unit from March 1st, 2024, to the filing date.

(4) Disposals and holding of acquired treasury share

Category	The fiscal year		The period (January 1, 2024, to the March 1, 2024)	
	Number of shares (Shares)	Total disposed amount (Yen)	Number of shares (Shares)	Total disposed amount (Yen)
Acquired treasury share for which subscribers have been solicited	–	–	–	–
Disposals of acquired treasury share by cancellation	–	–	–	–
Acquired treasury share transferred due to merger, share exchange, share issue, or company split	–	–	–	–
Other (Note 1)				
(Transfer of shares to the Executive reward BIP Trust)	1,260,900	1,869,914,700		
(Transfer of shares to the Stock-granting ESOP Trust)	1,886,600	2,797,827,800		
(Sale by request for the purchase of odd-lot shares)	47	72,545	72	147,087
Number of treasury share held (Note 2,3)	23,784,152	–	23,784,887	–

(Note)
1. "Other (Sale by request for the purchase of odd-lot shares)" column in "The period" does not include shares sold due to request for sale of shares less than one unit from March 1st, 2024, to the filing date.
2. "Number of treasury share held" does not include the number of shares acquired by the Executive reward BIP Trust and Stock-granting ESOP Trust.
3. "Number of treasury share held" column in "The period" does not include shares sold in response to requests for the purchase of odd-lot shares from March 1st, 2024, to the filing date and requests for the sale of odd-lot shares.

3. Dividend policy

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

We set its basic policy regarding dividends, which includes active redistribution of profits while placing the highest priority on paying dividends in a stable manner, by comprehensively reviewing the business performance and level of retained earnings. In addition, we have set a payout ratio target of 30% or more for net income attributable to owners of the parent. We pay interim and year-end dividends. For the fiscal year ending December 31, 2023, we paid an interim dividend of 25 yen per share and plan to pay year-end dividend of 25 yen per share, for a total annual dividend of 50 yen per share to pay. For the fiscal year ending December 31, 2024, we seek to maintain its basic policy on stable dividend payment by setting the dividend forecast of annual total of 50 yen per share paid (25 yen per share as interim dividend and 25 yen per share as year-end dividend), which is same amount as in the fiscal year ending December 31, 2023.

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

Dividends from retained earnings for the current fiscal year are as follows:

Date of resolution	Total dividend (Millions of yen)	Amount of dividend per share (Yen)
August 9,2023 Board of Directors	4,562	25
March 26, 2024 Resolution of the Ordinary General Meeting of Shareholders	4,562	25

4. Corporate governance

(1) Explanation about corporate governance

① Basic stance on corporate governance

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

We have established the Audit and Supervisory Committee to further strengthen our governance system. The Audit and Supervisory Committee, which takes a lead role in audits, is composed entirely of outside directors (Audit and Supervisory Committee members), including multiple independent outside directors. The Audit and Supervisory Committee members, who are outside directors, have voting rights at the Board of Directors meetings and the rights to express opinions on directors' nominations and compensation at the General Meeting of Shareholders. As a result, our management oversight functions have been further strengthened.

In addition, we have adopted the executive officer system to separate decision-making and management oversight functions from business execution functions. Certain important business execution decisions are entrusted to directors, so that the Board of Directors can deliberate on matters of particular importance. For other matters, we place emphasis on speed of management decisions by the executive leadership teams.

② Corporate governance structure and the reason for adopting this structure

We have established the Audit and Supervisory Committee to further strengthen our governance system. The Audit and Supervisory Committee, which takes a lead role in audits, is composed entirely of outside directors (Audit and Supervisory Committee members), including multiple independent outside directors. The Audit and Supervisory Committee members, who are outside directors, have voting rights at the Board of Directors meetings and the rights to express opinions on directors' nominations and compensation at the General Meeting of Shareholders. As a result, our management oversight functions have been further strengthened. In addition, we have adopted the executive officer system to separate decision-making and management oversight functions from business execution functions. Certain important business execution decisions are entrusted to directors, so that the Board of Directors can deliberate on matters of particular importance. For other matters, we place emphasis on speed of management decisions by the Executive Leadership Team.

We believe that the following corporate governance structure can improve management efficiency and transparency, and accordingly, we have adopted this structure.

a. Board of Directors

The Periodic Meeting of the Board of Directors shall be held once in three months in principle and may be held as needed. The Board of Directors shall resolve items prescribed by laws and the Articles of Incorporation and other items relating to important business matters such as basic managerial policies and shall receive the Directors’ report on their execution of the duties. Certain important business execution decisions are entrusted to directors, so that the Board of Directors can deliberate on matters of particular importance. For other matters, we place emphasis on speed of management decisions by the executive leadership teams.

(a). Composition of the Board of Directors

The Company’s Board of Directors consists of no more than 10 Directors (excluding Directors who are Audit and Supervisory Committee members) and no more than 7 Directors who are Audit and Supervisory Committee members, which are the limits set as the number of respective members under the Articles of Incorporation.

The Board of Directors, as a whole, consists of an appropriate balance of members with a wide range of knowledge and expertise on corporate management, financial strategies, risk management and legal compliance, etc. In light of the importance of the function of Outside Directors in corporate governance, the Company shall appoint, for the Directors, Outside Directors who are independent based on the Company’s independence standards and qualification, in a number that constitutes at least one third of the Directors and which shall include at least 1 person who has management experience at another company.

The Board of Directors currently consists of nine directors, including a majority of independent outside directors.

The Company has prepared a Skill Matrix in which the above-mentioned knowledge, experience, and skills, etc. are listed.

(b). Activities of the Board of Directors

In the current fiscal year, we held the Board of Directors' Meetings eight times. The main items for deliberation are as follows.

Business Strategy	・Strategic Business Plan ・M&A of Operating Companies ・Business Execution Status Report ・Sustainability Strategy and People strategy
Governance	・Election of Candidates for Directors, Selection of Representative Directors, and Personnel Changes of Executive Officers ・Matters related to the Ordinary General Meeting of Shareholders ・Matters related to remuneration for Directors and Executive Officers ・Internal Control Evaluation Report
Risk Management	・Business Resilience Report ・Cybersecurity Report
Financial Statements	・Appropriation of Surplus ・Financial Statements and Earnings Presentation

The attendance of individual directors was as follows.

Position	Name	Attendance
Representative Director	Calin Dragan	8 / 8 (100%)
Representative Director	Bjorn Ivar Ulgenes	8 / 8 (100%)
Outside Director	Hiroko Wada	8 / 8 (100%)
Outside Director	Hirokazu Yamura	8 / 8 (100%)
Outside Director	Celso Guiotoko	8 / 8 (100%)
Outside Director (Audit and Supervisory Committee Member)	Hiroshi Yoshioka	8 / 8 (100%)
Outside Director (Audit and Supervisory Committee Member)	Nami Hamada	8 / 8 (100%)
Outside Director (Audit and Supervisory Committee Member)	Stacy Apter	6 / 6 (100%)
Outside Director (Audit and Supervisory Committee Member)	Sanket Ray	6 / 6 (100%)
Outside Director (Audit and Supervisory Committee Member)	Irial Finan	2 / 2 (100%)
Outside Director (Audit and Supervisory Committee Member)	Vamsi Mohan Thati	2 / 2 (100%)

Stacy Apter and Sanket Ray were elected at the 66th Ordinary General Meeting of Shareholders held on March 28, 2023 and attended all 6 times of the Board of Directors' Meetings held after their election in the fiscal year ending 31 December 2023.

Irial Finan and Vamsi Mohan Thati resigned at the 66th Ordinary General Meeting of Shareholders held on March 28, 2023 and attended all 2 times of the Board of Directors' Meetings held during the fiscal year ending 31 December 2023 until their resignations.

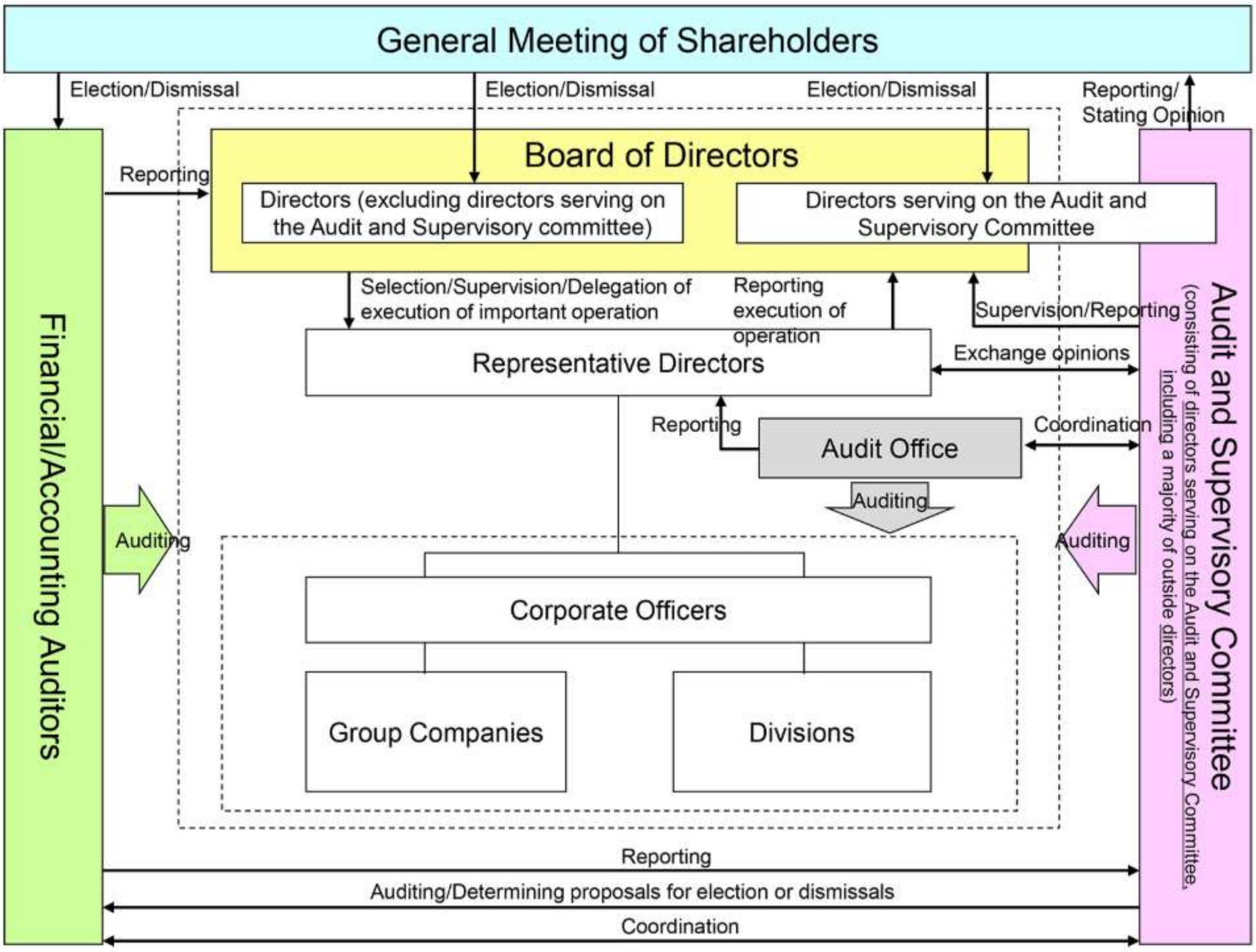
b. Audit and Supervisory Committee

The Audit and Supervisory Committee is composed of four outside directors (Audit and Supervisory Committee members), including multiple independent outside directors. Meetings of the Audit and Supervisory Committee shall be held once every three months in principle and may be held, as necessary. The directors who are members of the Audit and Supervisory Committee conduct audits aimed at checking the status of business execution by the directors, executive officers and employees in accordance with related laws and regulations, the article of incorporation, and the audit standards and guidelines established for and by the Audit and Supervisory Committee, by participating in the Board of Directors meeting and reviewing the results of the audits conducted by the Internal Audit Office and Accounting Auditor.

A system to ensure sufficient oversight of business execution by executive officers is established, which include the regular exchange of opinions between the Representative Director and the members of the Audit and Supervisory Committee on the results of the aforesaid audit activities.

(Main institutions)

Institution	Purpose and authority	Chairperson	Member
Board of Directors	(a) The Board of Directors shall resolve items prescribed by laws and the Articles of Incorporation and other items relating to important business matters such as basic managerial policies. (b) The Board of Directors shall receive Directors' report on their execution of the duties.	Calin Dragan Representative Director	Calin Dragan, Bjorn Ivar Ulgenes, Hiroko Wada (Outside Director, Independent Director), Hirokazu Yamura (Outside Director, Independent Director), Celso Guiotoko (Outside Director, Independent Director), Hiroshi Yoshioka (Outside Director, Independent Director), Nami Hamada (Outside Director, Independent Director), Stacy Apter (Outside Director), Sanket Ray (Outside Director)
Audit and Supervisory Committee	(a) Audit of the performance of the director's duties and preparation of audit reports. (b) Determination of the contents of proposals regarding the election, dismissal, or disapproval of reappointment of accounting auditors. (c) Determination of opinion of the Audit and Supervisory Committee regarding the election, dismissal or resignation of directors and remuneration, etc. (excluding directors who are Audit and Supervisory Committee Members.). (d) Other duties provided for in applicable laws and regulations and the articles of incorporation, etc.	Hiroshi Yoshioka (Outside Director, Independent Director),	Hiroshi Yoshioka (Outside Director, Independent Director), Nami Hamada (Outside Director, Independent Director), Stacy Apter (Outside Director), Sanket Ray (Outside Director)



(The system to ensure business adequacy)

In order to establish the system to ensure that the jobs conducted by the Directors comply with the laws and regulations and the Articles of Incorporation, and other systems to ensure appropriateness of operation (to be referred to as "internal control" hereinafter), the Company has made a resolution on "the Internal Control System Basic Policy" at the Board of Directors Meeting.

The Internal Control System Basic Policy is as shown below.

a. System to ensure that performance of duties by Directors and employees of the CCBJH Group conforms to laws and regulations and the Articles of Incorporation

a) The "Code of Conduct" shall be established in order to ensure that all the Directors, Executive Officers, and employees of the Group comply with laws and regulations and the Articles of Incorporation to act in conformity with social norms. The Risk Management Committee shall be convened periodically in order to reinforce the compliance system and to prevent non-compliance.

b) An internal whistle-blowing system against non-compliance, namely, a reporting and consultation contact separate from the reporting line to immediate managers, shall be set up.

c) The oversight function of the Board of Directors shall be reinforced by adopting the company system where the Audit and Supervisory Committee is established in order to ensure auditing by the Audit and Supervisory Committee where all of the constituent members are External Directors.

d) The department in charge of internal auditing shall be established in order to audit whether business activities are conducted appropriately and effectively in conformity with laws and regulations, the Articles of Incorporation, Company Rules, and Regulations, etc.

e) The Company clearly identifies a firm stance against anti-social forces and organizations that cause threats to the order and safety of civil society and that the Company never associates with such entities. The Company shall never accede to any illegal request and deal with any such request in cooperation with the police, lawyers, etc.

b. System to retain and manage information related to Directors' performance of their duties

a) The Company shall record information regarding minutes of General Shareholders meetings, minutes of Board of Directors meetings, documents and other materials related to important decision-makings and Directors' performance of their duties in documents or electronic media and retain it in accordance with the Rules of Documentation Handling and Information Security Policy in a manner similar to that for statutory documents.

b) The Company's Directors may inspect such documents, etc. at any time.

c. Regulations and other systems concerning loss risk management of the Group

a) In accordance with the Group policy on responding to material business risks and from the viewpoint of management of other risks, significant items shall be reported to the main meetings dealing with risk management, and the main meetings shall determine policies to deal with risks as required.

b) The Company establishes rules, guidelines, etc. and maintains an organization to execute effective responses to material risks, and ensure the matters to be passed down by implementing training for the entire Group, etc.

c) The department in charge of risk management in the Company or its subsidiaries is to monitor the condition of company-wide risks and to take appropriate measures on a group-wide basis. The Company promptly designates who is in charge of the response to new risks that arise.

d. System to ensure efficiency of performance of duties by the CCBJH Group Directors

a) The Company's Board of Directors shall determine Group-wide management policy and goals shared by the Directors, Executive Officers, employees, and others of the Group, and determine the efficient method to achieve the goals including the allocation of authority based on the group's decision-making rules.

b) In addition to Board of Directors Meetings, appropriate forums, such as the Management Meeting, shall be organized to deliberate significant matters affecting the entire Group, thereby ensuring that decisions are reached based on considerations of multi-dimensional aspects.

e. System to ensure appropriateness of operations in a corporate group, which consists of the Company and its subsidiaries

The Company shall ensure management integration of the Group through establishment of a corporate philosophy, management policy, the Code of Ethics and Conduct and Chart of Authority common throughout the Group and supervise and manage the performance of the subsidiaries' operations.

f. Matters concerning employees assisting the Audit and Supervisory Committee to execute the duties if the Audit and Supervisory Committee request the assignment of such employees, matters concerning the independence of such employees from directors (excluding directors serving on the Audit and Supervisory Committee) and matters related to ensuring the effectiveness of instructions given by the Audit and Supervisory Committee to such employees

The Company shall assign employees to assist the Audit and Supervisory Committee. Such employees shall execute the duties under the instructions given by the Audit and Supervisory Committee in assisting executions of duties by the Audit and Supervisory Committee and shall not receive instructions from directors (excluding directors serving on the Audit and Supervisory Committee).

g. System for reporting by Directors and employees of the CCBJH Group to the Audit and Supervisory Committee and systems to ensure that reporting parties do not receive disadvantageous treatment as a result of such reports

a) Upon discovery of any incident that could cause the Group substantial damage, such as acts in violation of laws and regulations, the Directors (excluding Directors serving on the Audit and Supervisory Committee), Executive Officers, employees and others of the Company shall immediately report the matter to the Audit and Supervisory Committee.

b) The Internal Audit Department and the Risk Management Committee shall regularly report internal audit results and the status of other activities in the Group to the Audit and Supervisory Committee.

c) The department in charge of compliance shall regularly report the status of whistleblowing in the Group to the Audit and Supervisory Committee.

d) The Company shall prohibit unjust treatment of the reporter to the Audit and Supervisory Committee and ensure that this matter will be informed to all the executives and employees of the group.

h. Matters concerning procedures for advance payment or reimbursement of expenses incurred in the course of performance of duties by Directors serving on the Audit and Supervisory Committee and policies related to processing expenses or liabilities arising from performance of duties by Directors serving on the Audit and Supervisory Committee

The Company establishes enough budget for Directors serving on the Audit and Supervisory Committee each year to fulfill the performance of their duties.

i. other systems to ensure that the Audit and Supervisory Committee's audit is conducted effectively

a) The Representative Director and the Audit and Supervisory Committee shall hold a meeting on a regular basis to exchange opinions in order to communicate with each other.

b) The Representative Director shall prepare an environment so that the Audit and Supervisory Committee is able to cooperate with external experts, such as lawyers and certified public accountants, in the course of its duties whenever it deems it necessary.

c) The Audit and Supervisory Committee shall regularly provide opportunities for the exchange of opinions with the Internal Audit Department and accounting auditors.

(Design of risk management system)

The Company has developed Group Rules for Risk Management and is proactively working on preventing the occurrence of various risks that may arise for the Company together with ensuring that in the event of a risk occurrence, that response strategies exist that allow us to respond in a prompt and adequate manner thereby minimizing the damage and business disruption. Furthermore, in order to minimize damage and business impacts caused by natural disasters, etc., crisis training, disaster drills and safety confirmation drills are being held regularly thereby testing our business continuity plans in response to a large-scale disaster."

In addition, we have developed Code of Ethics to conduct for officers and employees of the Group, which shows the Group's corporate stance of "complying with all laws and regulations, acting in good faith in society, and enhancing corporate value by earning the trust of all stakeholders," and have been thoroughly communicating it to all officers and employees.

③ Company organizations

a. Number of directors

The Articles of Incorporation stipulate that the number of the directors who are not members of the Audit and Supervisory Committee shall be ten or less, and the directors who are members of the Audit and Supervisory Committee shall be seven or less.

b. Requirements for election of directors

The Articles of Incorporation stipulate that the directors who are not members of the Audit and Supervisory Committee and the directors who are members of the Audit and Supervisory Committee shall be elected by a majority of the vote attended by the shareholders holding at least one-third of the voting rights of the shareholders who are entitled to exercise their voting rights, and that they shall not be elected by cumulative voting.

c. Decision-making body for acquisition of treasury shares

The Articles of Incorporation stipulate that treasury shares may be repurchased through market transactions, etc. by a resolution of the Board of Directors without a resolution of the General Meeting of Shareholders, in accordance with the provisions of Article 165, Paragraph 2 of the Companies Act. The purpose of this is to improve capital efficiency and to implement flexible capital policies in response to changes in the business environment through authorizing the Board of Directors to make a decision for the acquisition of treasury shares.

d. Decision-making body for interim dividends

The Articles of Incorporation stipulate that interim dividend defined in Article 454, Paragraph 5 of the Companies Act may be paid by the resolution of the Board of Directors without a resolution of the General Meeting of Shareholders. The purpose of this is to flexibly return profits to shareholders through authorizing the Board of Directors to make a decision for interim dividends.

e. Requirements for the special resolution at the General Meeting of Shareholders

The Articles of Incorporation stipulate that the special resolution at the General Meeting of Shareholders defined in Article 309, Paragraph 2 of the Companies Act shall be made by two-thirds of the vote attended by the shareholders holding at least one-third of the voting rights of the shareholders who are entitled to exercise their voting rights. The purpose of this is to facilitate the operation of the General Meeting of Shareholders through easing the quorum for the special resolution at the General Meeting of Shareholders.

f. Business execution and management oversight

The Representative Director monitors and supervises the business activities executed by the executive officers and employees of the operating companies by participating in major meetings and other meetings held in the operating companies. The directors who are members of the Audit and Supervisory Committee conduct audits aimed at checking the status of business execution by the directors, executive officers and employees in accordance with related laws and regulations, the article of incorporation, and the audit standards and guidelines established for and by the Audit and Supervisory Committee, by participating in the Board of Directors meeting and reviewing the results of the audits conducted by the Internal Audit Office and Accounting Auditor.

A system to ensure sufficient oversight of business execution by executive officers is established, which include the regular exchange of opinions between the Representative Director and the members of the Audit and Supervisory Committee on the results of the aforesaid audit activities.

④ Basic Policies on the Control of the Joint-share Company

a. Details of Basic Policy

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 ① 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; ②striving aggressively to win in the market as the customers’ preferred partner with a deep understanding of the Company’s corporate philosophy; ③ 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 ④ 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, 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.

The Company believes that it is necessary to ensure and enhance the corporate value of the Company and, in turn, the common interests of its shareholders by taking the necessary and reasonable countermeasures against a large-scale acquisition of the shares in the Company 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 stakeholders of consumers, customers, shareholders, and employees.

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

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

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

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

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

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

c. Decisions of the Company's Board of Directors regarding specific measures and reasons therefor

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.

(2) Information about officers

Males: 6 people, Females: 3 people (Ratio of females to total directors: 33.3%)

Position	Name	Date of birth	Brief history	Term of office	Number of shares held (Thousands of shares)
Representative Director, President	Calin Dragan	October 24, 1966	June 1993 Joined Coca-Cola Leventis January 2000 Joined Coca-Cola Hellenic Bottling Company S.A. January 2005 General Manager and Administrator in charge of Romania and Mordovian Republic, Coca-Cola Hellenic Bottling Company S.A. July 2011 Executive Corporate Officer, Coca-Cola West Co., Ltd. March 2012 Representative Director, Coca-Cola West Co , Ltd. Vice President, Coca-Cola West Co., Ltd. July 2013 Representative Director & President, Coca-Cola East Japan Co., L May 2017 Regional Director, The Coca-Cola Company Bottling Investments Group Regional Director, Coca-Cola Far East Limited January 2018 President, The Coca-Cola Company Bottling Investments Group March 2019 Executive Officer, Vice President, Coca-Cola Bottlers Japan Holdi Inc. Executive Officer, Vice President, Coca-Cola Bottlers Japan Inc. March 2019 Representative Director, President, Coca-Cola Bottlers Japan Holdings Inc. (incumbent) Representative Director, President, Coca-Cola Bottlers Japan Inc. (incumbent) January 2022 Representative Director, President and CEO, Coca-Cola Bottlers Japan Inc. (incumbent)	One year from the Ordinary General Meeting of Shareholders held on March 2024	9
Representative Director, Vice President, Chief Financial Officer (Head of Finance	Bjorn Ivar Ulgenes	April 5, 1968	July, 1997 Joined The Coca-Cola Company August 2005 Finance Director North & West Africa Business Unit, The Coca-Cola Company May 2008 Finance Director & Executive Assistant to the Business Unit President, North & West Africa Business Unit, The Coca-Cola Company June 2009 GM Innovation & EA, North & West Africa Business Unit, The Coca-Cola Company February 2010 Senior Vice President Finance, The Coca-Cola (Japan) Co , Ltd. January 2013 Finance Director, Central, East & West Africa Group, The Coca-Cola Company April 2016 Deputy Finance Director, Europe, Middle East &Africa (EMEA) Group, The Coca-Cola Company October 2018 Senior Executive Officer, Head of Finance, Coca-Cola Bottlers Japan Holdings Inc. Senior Executive Officer, Head of Finance, Coca-Cola Bottlers Japan Inc. November 2018 Representative Director & President, Senior Executive Officer, Head of Finance, Coca-Cola Bottlers Japan Sales Support Inc. January 2019 Representative Director & President, Senior Executive Officer, Head of Finance, Coca-Cola Bottlers Japan Business Services Inc. (incumbent) February 2019 Executive Officer, Head of Finance, Coca-Cola Bottlers Japan Holdings Inc. Executive Officer, Head of Finance, Coca-Cola Bottlers Japan Inc. March 2019 Representative Director, Coca-Cola Bottlers Japan Holdings Inc. (incumbent) Vice President, Chief Financial Officer (Head of Finance, Coca-Cola Bottlers Japan Holdings Inc. (incumbent) Representative Director, Coca-Cola Bottlers Japan Inc. (incumbent) Vice President, Chief Financial Officer (Head of Finance, Coca-Cola Bottlers Japan Inc. December 2019 Chairman and Representative Director, Q’SAI CO., LTD January 2022 Vice President and Chief Financial Officer (Head of Finance) Representative Director, Vice President, and CFO of Coca-Cola Bottlers Japan Inc. (incumbent) March 2022 Representative Director & Chairman, Coca-Cola Bottlers Japan Business Services Inc. November 2022 Representative Director, Chairman and President, Coca-Cola Bottlers Japan Business Services Inc. (incumbent) January 2024 Representative Director, NeoArc Inc. (incumbent)	One year from the Ordinary General Meeting of Shareholders held on March 2024	3

Position	Name	Date of birth	Brief history	Term of office	Number of shares held (Thousands of shares)
Director	Hiroko Wada	May 4, 1952	April 1977 Joined Procter & Gamble Sunhome Co., Ltd. January 1998 Vice President, In charge of Corporate New Ventures, Asia, The Procter & Gamble Company (U.S.) March 2001 Representative Director & President, Dyson Ltd. April 2004 Representative Director, President & COO, Toys "R" Us-Japan, Ltd. November 2004 Representative, Office WaDa (incumbent) May, 2009 Outside Director, Aderans Holdings Co., Ltd. June 2016 Outside Director, Shimadzu Corporation (incumbent) March 2019 Outside Director, Coca-Cola Bottlers Japan Holdings Inc. (incumbent) March 2019 Outside Director (Audit & Supervisory Committee member), Unicharm Corporation	One year from the Ordinary General Meeting of Shareholders held on March 2024	－
Director	Hirokazu Yamura	September 28, 1977	October 2006 Joined Michinoku Coca-Cola Bottling Co., Ltd February 2009 Director, Michinoku Coca-Cola Bottling Co., Ltd March 2012 Managing Director, Michinoku Coca-Cola Bottling Co , Ltd. March 2013 Senior Managing Director, Michinoku Coca-Cola Bottling Co., Ltd March 2014 Representative Director & President, Michinoku Coca-Cola Bottling Co., Ltd. (incumbent) March 2020 Outside Director, Coca-Cola Bottlers Japan Holdings Inc. (incumbent)	One year from the Ordinary General Meeting of Shareholders held on March 2024	－
Director	Celso Guiotoko	January 3, 1959	December 1983 Joined Banco Bradesco SA January 1985 Senior Manager, Arthur Andersen (Accenture) March 1996 System Director, Toshiba America Electronic Components, Inc. December 1997 Solution Service Vice President, i2 Technologies Japan, Inc. May 2004 Vice President & CIO (Chief Information Officer), Nissan Motor Co., Ltd. April 2006 Corporate Vice President & CIO, Nissan Motor Co., Ltd. April 2014 Senior Corporate Vice President & CIO, Nissan Motor Co., Ltd. June 2017 Statutory Auditor, Nissan Motor Co., Ltd. March 2019 Outside Director (Audit & Supervisory Committee member), Coca-Cola Bottlers Japan Holdings Inc. Executive Officer, Global Chief Digital Officer, Nishimoto Co., Ltd. March 2020 Director, Global Chief Digital Officer, Nishimoto Co., Ltd. March 2023 Outside Director, Coca-Cola Bottlers Japan Holdings Inc. (incumbent) Director, Senior Advisor, Nishimoto Co., Ltd. (incumbent) January 2024 Director, NeoArc Inc. (incumbent)	One year from the Ordinary General Meeting of Shareholders held on March 2024	－

Position	Name	Date of birth	Brief history	Term of office	Number of shares held (Thousands of shares)
Director (Audit & Supervisory Committee member)	Hiroshi Yoshioka	October 26, 1952	April 1975 Joined Japan Radio Co., Ltd. January 1979 Joined Sony Corporation October 2001 Representative Director and President, Sony Ericsson Mobile Communications Corporation April 2003 CVP, Sony Ericsson Mobile Communications Corporation AB November 2005 Corporate Executive, SVP, Sony Corporation April 2008 Corporate Executive, EVP, Sony Corporation April 2009 Executive Deputy President Officer, Sony Corporation Outside Director, Coca-Cola East Japan Co., Ltd. July 2013 Outside Director, Coca-Cola Bottlers Japan Inc. April 2017 Outside Director, Coca-Cola Bottlers Japan Holdings Inc. January 2018 March 2023 Outside Director (Audit & Supervisory Committee member), Coca-Cola Bottlers Japan Holdings Inc. (incumbent)	Two years from the Ordinary General Meeting of Shareholders held on March 2023	4
Director (Audit & Supervisory Committee member)	Nami Hamada	August 3, 1964	July 1992 Joined Lehman Brothers Holdings Inc. October 1996 Vice President, Lehman Brothers Japan Inc. June 1999 Senior Vice President, Lehman Brothers Japan Inc. May 2004 Representative Director, HDH Advisors Japan Limited. December 2006 Principal, HDH Capital Management Pte Ltd. March 2009 Founder, Managing Director, Mile High Capital Inc. (incumbent) August 2017 Director, Ecoplexus Japan K. K February 2019 Chief Operating Officer, Vesper Group Japan K.K. March 2019 Outside Director (Audit & Supervisory Committee member), Coca-Cola Bottlers Japan Holdings Inc. (incumbent) May 2020 Outside Director (Audit Committee Member), MetLife Insurance K.K. June 2022 Outside Director (Audit Committee Member, Nominating committee member, Compensation committee member), MetLife Insurance K.K. (incumbent) June 2022 Outside director, Shimadzu Corporation (incumbent)	Two years from the Ordinary General Meeting of Shareholders held on March 2023	—

Position	Name	Date of birth	Brief history	Term of office	Number of shares held (Thousands of shares)
Director (Audit & Supervisory Committee member)	Stacy Apter	July 14, 1966	2005 Joined The Coca-Cola Company May 2018 Director, Treasury, The Coca-Cola Company July 2018 Assistant Treasurer, The Coca-Cola Company October 2018 Chief of Staff to the Chairman and CEO, The Coca-Cola Company January 2021 Deputy Treasurer, The Coca-Cola Company March 2021 Vice President & Treasurer, The Coca-Cola Company October 2022 Vice President, Treasurer and Corporate Finance, The Coca-Cola Company March 2023 Outside Director (Audit & Supervisory Committee member), Coca-Cola Bottlers Japan Holdings Inc. (incumbent) April 2023 Director Synovus Financial Inc. (incumbent) January 2024 Senior Vice President and Treasurer, Head of Corporate Finance, The Coca-Cola Company (incumbent)	Two years from the Ordinary General Meeting of Shareholders held on March 2023	—
Director (Audit & Supervisory Committee member)	Sanket Ray	April 25, 1973	2004 Joined The Coca-Cola Company 2005 Joined HINDUSTAN COCA-COLA BEVERAGES PRIVATE LIMITED (INDIA) August 2016 CEO, COCA-COLA BEVERAGES VIETNAM LIMITED January 2019 Chief Operating Officer for mainland China, The Coca-Cola Company February 2020 President of India and Southwest Asia, The Coca-Cola Company (incumbent) March 2023 Outside Director (Audit & Supervisory Committee member), Coca-Cola Bottlers Japan Holdings Inc. (incumbent)	Two years from the Ordinary General Meeting of Shareholders held on March 2023	—
Total					16

(Note) 1. Hiroko Wada, Hirokazu Yamura, Celso Guiotoko, Hiroshi Yoshioka, Nami Hamada, Stacy Apter and Sanket Ray are Outside Directors.

2. The Group has introduced a corporate executive officer system to accelerate the execution of business and clarify responsibilities. The total number of executive officers is 10, including representative directors.

Information of outside directors

Currently, three of the five directors (excluding directors who are members of the Audit and Supervisory Committee) and all four directors who are members of the Audit and Supervisory Committee are outside directors.

a. Appointment of outside directors

Category	Name	Relationship with the Company	Status of appointment
Outside Director	Hiroko Wada	—	The Company has appointed Hiroko Wada as a Director (Outside Director) in order for her to utilize, for the management of the Company, the considerable experiences and global knowledge she has gained thus far as officer at The Procter & Gamble Company and as Representative Director at Toys “R” Us Japan Ltd. There is no relationship of special interest between her and the Company, and no risk that conflicts of interest with general shareholders. Therefore, the Company has designated her as an independent director.
Outside Director	Hirokazu Yamura	Hirokazu Yamura is the Representative Director and President of Michinoku Coca-Cola Bottling Company, Co., Ltd (hereafter “Michinoku CCBC),” which is a trading partner of the Group. The amount of sale of products, etc. to Michinoku CCBC is equivalent to 0.5% of the Company’s consolidated net revenue, and the amount of purchase of products, etc. from Michinoku CCBC is equivalent to 1.9% of the consolidated revenue of Michinoku CCBC.	The Company has appointed Hirokazu Yamura as a Director (Outside Director) in order for him to utilize, for the management of the Company, the considerable experiences and knowledge he has gained thus far as the Representative Director and President of Michinoku CCBC. The Company also has transactions with the group companies of Michinoku CCBC, but the transaction volume is very small. In addition, the trading prices and other terms and conditions applied to these transactions are fair and consistent with the trading prices and other terms and conditions applied to transactions with other trading partners. We therefore believe that these group companies of Michinoku CCBC pose no risk of obstruction of our free and fair business activities. The Company has designated Hirokazu Yamura as an independent director based on our judgment that the current transactional ties with Michinoku CCBC and its group companies do not have any significant impact on our business, and that there is no relationship of special interest between him and the Company, and no risk of causing any conflict of interest with general shareholders.
Outside Director	Celso Guiotoko	—	The Company has appointed Celso Guiotoko as a Director (Outside Director) in order for him to utilize, for the management of the Company, the considerable experiences and global knowledge he has gained thus far as Nissan Motor Co., Ltd. (“Nissan”) as well as Nishimoto Co., Ltd. There is no relationship of special interest between him and the Company, and no risk that conflicts of interest with general shareholders. Therefore, the Company has designated him as an independent director.
Outside Director (Audit & Supervisory Committee member)	Hiroshi Yoshioka	—	Hiroshi Yoshioka has considerable experiences and global knowledge gained at the Coca-Cola bottling company within Japan and Sony Corporation. Based on his extensive experience as a corporate executive, he is expected to provide advice on all areas including decision making related to important managerial decisions, handling of expected risks and the internal control system, and the Company hereby requests the election of Yoshioka as a Director serving on the Audit and Supervisory Committee (Outside Director). There is no relationship of special interest between him and the Company, and no risk that conflicts of interest with general shareholders. Therefore, the Company has designated him as an independent director.
Outside Director (Audit & Supervisory Committee member)	Nami Hamada	—	Nami Hamada has considerable experiences on Finance and Accounting gained as a proprietor of her own finance consulting company and considerable experiences and global expertise gained as a corporate executive at Lehman Brothers Japan Inc. and possesses management supervisory experience as Statutory Auditor at Shimadzu Corporation and MetLife Insurance K.K. Based on her extensive experience as a corporate executive and her expertise in the field of finance, she is expected to provide advice as a Director serving on the Audit and Supervisory Committee on all areas including decision making related to important managerial decisions, handling of expected risks and the internal control system, and the Company has appointed Hamada as a Director serving on the Audit and Supervisory Committee (Outside Director). There is no relationship of special interest between her and the Company, and no risk that conflicts of interest with general shareholders. Therefore, the Company has designated her as an independent director.
Outside Director (Audit& Supervisory Committee member)	Stacy Apter	Stacy Apter is Senior Vice President and Treasurer, Head of Corporate Finance, The Coca-Cola Company. The Company has entered into contracts for manufacturing and sales of Coca-Cola and other products and use of trademarks, etc. with The Coca-Cola Company.	Stacy Apter is Senior Vice President and Treasurer, Head of Corporate Finance of The Coca-Cola Company, who has demonstrated strong leadership and support to the Board of Directors, particularly in a variety of fields such as global financial risk oversight and enterprise risk management at The Coca-Cola Company. Based on her extensive experience as a global corporate executive, she is expected to provide advises as a Director serving on the Audit and Supervisory Committee on all areas including decision making related to important managerial decisions, handling of expected risks and the internal control system, and the Company has appointed Apter as a Director serving on the Audit and Supervisory Committee (Outside Director).
Outside Director (Audit& Supervisory Committee member)	Sanket Ray	Sanket Ray is President of India and Southwest Asia of The Coca-Cola Company. The Company has entered into contracts for manufacturing and sales of Coca-Cola and other products and use of trademarks, etc. with The Coca-Cola Company.	Sanket Ray is President of India and Southwest Asia of The Coca-Cola Company, who has demonstrated strong leadership in mainly commercial at The Coca-Cola Company and has considerable management experiences as a manager at business units in the Asia region. Based on his extensive experience as a global corporate executive, he is expected to provide advises as a Director serving on the Audit and Supervisory Committee on all areas including decision making related to important managerial decisions, handling of expected risks and the internal control system, and the Company has appointed Ray as a Director serving on the Audit and Supervisory Committee (Outside Director).

b. Criteria or policies for independence when appointing an outside director

We consider our outside director (including candidates) sufficiently independent when all of following criteria are found to be irrelevant to him/her as a result of our reasonably possible range of investigation:

(a) Currently and in the past 10 years, the person works/worked in the Company or its subsidiary.

(b) Currently and in the past one year, the person is/was a major business partner (the Group accounts for 2% or more of whose consolidated net sales in the most recent fiscal year) or works/worked in the business partner.

(c) Currently and in the past one year, the person is/was a major business partner (which accounts for 2% or more of our consolidated net sales in the most recent fiscal year) or works/worked in the business partner.

(d) Currently and in the past one year, the person is/was a consultant, a certified public accountant, an attorney, or other receiving annual compensation of 10 million yen or more from the Company, in addition to officers' compensation.

(e) Currently and in the past one year, the person is/was a recipient of donations of 10 million yen or more per year from the Company, or works/worked in the recipient entity; and

(f) Relatives within the second degree of kinship of those falling under (a) to (e) above.

c. Functions and roles of outside directors in corporate governance

The Audit and Supervisory Committee is composed entirely of outside directors, so that the system to monitor the execution of duties by directors has been established. We receive appropriate advice from outside directors (excluding directors who are members of the Audit and Supervisory Committee) who are knowledgeable other than our Group, and outside director who are members of the Audit and Supervisory Committee in a third-party perspective.

d. Collaboration of outside directors' supervision or audit with internal audits and external accounting audits, as well as its relationship with internal control department

Outside directors who are not members of the Audit and Supervisory Committee receive reports and express their opinion on internal audit, external accounting audit and internal controls at the Board of Directors meetings. Also, outside directors who are members of the Audit and Supervisory Committee receive reports and express their opinion on them at the meetings of Board of Directors and the Audit and Supervisory Committee.

e. Outline of Limited Liability Agreements

In its Articles of Incorporation, the Company has established provisions concerning limited liability agreements with Directors (excluding those who is not an Executive Director, etc.) in order to ensure that Directors (excluding those who is not an Executive Director, etc.) can demonstrate the roles expected of them and the Company can invite and select competent persons as Directors (including, not limited to, Outside Directors).

The Company has entered into limited liability agreements with seven Directors to limit their liability for damages in the event that he/she fails to perform his/her duties stipulated in Article 427, Paragraph 1 of the Companies Act. The limit of liability in the Agreement shall be equal to the minimum liability limit stipulated by laws and ordinances.

f. Outline of the Directors' and officers' Liability Insurance Policy

In order to ensure that directors (including those who are members of the Audit and Supervisory Committee) and the Group's executive officers can demonstrate the roles expected of them and the Company can select competent persons to serve as directors and executive officers, the Company has entered into a directors' and officers' liability insurance contract stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company and the Company bears the entire premium.

The policy covers the nine members of the Board of Directors, namely Calin Dragan (Representative Director) Bjorn Ivar Ulgenes, Hiroko Wada, Hirokazu Yamura, Celso Guiotoko, Hiroshi Yoshioka, Nami Hamada, Sanket Ray and Stacy Apter and, as well as the executive officers of the Group, as insured, in the event of claims for damages by shareholders, the Company, employees or other third parties arising from acts in the course of their duties as directors and officers of the Company during the term of the policy.

g. Assignment of support staff for outside directors

Outside directors (excluding who are not members of the Audit and Supervisory Committee) are supported by staff from the corporate governance department, and outside directors who are members of the Audit and Supervisory Committee members are supported by secretariat of the Audit and Supervisory Committee (assistant employees).

(3) Audit Status

a. Audit and Supervisory Committee Audit Status

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 the member of the Audit and Supervisory Committee have been granted with a voting right in the Board of Directors meetings, in addition to the right to state their opinions in shareholders' meetings on matters pertaining to the designation of board members and their remuneration, among others.

The four directors who are members of the Audit and Supervisory Committee audit the execution of duties by directors and executive officers based on relevant laws and regulations, the Articles of Incorporation, and the audit standards for our Audit and Supervisory Committee, through periodic meetings with representative directors and reports on the results of audits conducted by the Audit Office. One of four directors who is a member of the Audit and Supervisory Committee runs a finance consulting company herself and has extensive experience in finance and accounting, and therefore possesses considerable knowledge of finance and accounting.

In the current fiscal year, we held the Audit and Supervisory Committee Meetings five times with the following attendance of each member.

Name	Number of times held	Number of attendances
Hiroshi Yoshioka	4	4
Nami Hamada	5	5
Stacy Apter	4	4
Sanket Ray	4	4

Hiroshi Yoshioka, Stacy Apter, and Sanket Ray were elected at the 66th Ordinary General Meeting of Shareholders held on March 28, 2023 and attended all 4 times of the Audit and Supervisory Committee held after their election in the fiscal year ending 31 December 2023.

The matters mainly handled by the Audit and Supervisory Committee during the fiscal year under review were as follows.

Agenda items	Description
Matters to be resolved	Formulation of audit policy, preparation of audit reports, reappointment of accounting auditors, agreement on the remuneration of accounting auditors, formation of opinions on appointment and remuneration of directors, etc.
Matters for discussion	Remuneration of Audit and Supervisory Committee members, Prior approval of non-assurance engagement by the independent auditor, etc.
Matters to be reported	Confirmation of the development and operation of the internal audit system (status of activities related to internal audit, finance governance, business systems, risk management, ethics, and compliance, etc.), reports from the accounting auditor on the results of the accounting audit, etc.

The members of the Audit and Supervisory Committee use their broad knowledge and extensive experience to express objective audit opinions from an independent and neutral standpoint and to present candid opinions at the Board of Directors Meetings and Audit and Supervisory Committee Meetings.

b. Internal Audit Status

(a) Internal audit organization, members, and procedures

The Group's internal audits are conducted from an independent and objective standpoint to ensure the Company's compliance with laws and regulations, proper activities and operations, preservation of assets, effectiveness and efficiency of operations, and financial reliability. Management audits and operational audits of operating organizations and affiliated companies are conducted in accordance with its annual audit policies and plans. The Internal Audit Office has been established as an internal audit department composed of 14 members as of December 31, 2023.

(b) Collaboration between Internal Audit office, Audit and Supervisory Committee and accounting auditors, and the relationship between these audit bodies and Internal Control Division

The Internal Audit Office collaborates with the Audit and Supervisory Committee and the accounting auditors to further enhance the effectiveness of audits. As for the annual audit policy and audit plan of the Internal Audit Office, prior approval from the Audit and Supervisory Committee are obtained, and opinions are exchanged regularly with the Audit and Supervisory Committee that receives reports on the results of audits conducted by the Internal Audit Office. In addition, the Audit and Supervisory Committee and the Internal Audit Office receive explanations of the audit plan from the external accounting auditor at the beginning of the fiscal year, and request explanations and reports from time to time regarding the progress status of the audits during the fiscal year and the results of year-end audits, among others. Furthermore, close collaboration with the Internal Control Division is maintained by holding regular meetings to exchange opinions and information. Specific details of collaboration between the Internal Audit Office and the Board of Directors, Audit & Supervisory Committee, accounting auditors, and Internal Control Division are as follows.

Department	Name of meeting	Summary	Period
Board of Directors	Report	Report on evaluation of internal control over financial reporting	February
Audit and Supervisory Committee	Report	Report on the annual activity plan for internal audits	February
	Report	Report on the results of internal audits	May, August, November
	Exchange of information and opinions	Exchange of opinions pertaining to the reports on the results of internal audits	May, August, November
Accounting auditors	Exchange of information and opinions	Exchange of opinions on evaluation of internal control over financial reporting	Monthly
Internal Control Division	Exchange of information and opinions	Exchange of opinions on evaluation of internal control over financial reporting	Monthly

(c) Initiatives to ensure the effectiveness of internal audits

In order to fully demonstrate the independent function of internal audit to ensure its effectiveness, a dual reporting relationship is maintained, which consists of a direct reporting route to the Board of Directors and to the Audit and Supervisory Committee as described above, in addition to the reporting route to the CEO, who serves as the head of the business execution body of the Group.

c. Accounting Audit Status

(a) Name of audit firm

Ernst & Young ShinNihon LLC

(b) Continuous audit period

6 years

(c) The certified public accountants who performed the accounting audit

Certified public accountant who performed the accounting audits		
Designated Limited Liability Partner	Engagement Partner	Makoto Matsumura
Designated Limited Liability Partner	Engagement Partner	Keita Tsujimoto
Designated Limited Liability Partner	Engagement Partner	Keisuke Kishi

(d) Composition of assistants involved in audit work

11 certified public accountants and 38 others were involved as audit assistants.

(e) Audit firm selection policy and reasons

(Evaluation of the audit firm by Audit & Supervisory Committee)

The Audit and Supervisory Committee evaluates the accounting auditor's quality control structure, global auditing system, and appropriateness, independence, etc. of the audit comprehensively, confirms that the audit by Ernst & Young ShinNihon LLC is appropriate and reasonable, and passes a resolution for its reappointment

In the case that it is determined that the accounting auditor falls under any of the dismissal events listed in the items of Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee will remove the accounting auditor with the consent of all members. In this case, a committee member selected by the Audit and Supervisory Committee will disclose the removal and its reason at the Meeting of Shareholders convened for the first time after the removal.

Additionally, concerning dismissal or non-reappointment of the accounting auditor, the Audit and Supervisory Committee shall decide contents of a proposed resolution they submit to the General Meeting of Shareholders, in the event they determine that it is necessary to do so in cases such as where the accounting auditor is recognized to have difficulty in properly fulfilling its auditing duties.

(f) Evaluation of the Accounting Auditor by the Audit and Supervisory Committee

The Audit and Supervisory Committee evaluates the accounting auditor's quality control structure, global auditing system, and appropriateness, independence, etc. of the audit comprehensively, confirms that the audit by Ernst & Young ShinNihon LLC is appropriate and reasonable, and passes a resolution for its reappointment.

(g) Details of remuneration to independent auditors

①Compensation for auditing certified public accountants

Category	Previous fiscal year		Current fiscal year	
	Remuneration for on audit assurance services (Millions of yen)	Remuneration for on non-audit assurance services (Millions of yen)	Remuneration for on audit assurance services (Millions of yen)	Remuneration for on non-audit assurance services (Millions of yen)
The Company	71	―	68	―
Consolidated subsidiaries	116	10	115	1
Total	187	10	183	1

Non-audit services to consolidated subsidiaries for previous fiscal year was assistance for preparation of integrated report. Non-audit services to consolidated subsidiaries for current fiscal year was an advisory service for Integrated report disclosing information on Science Based Targets.

②Remuneration for organizations belonging to the same network as auditing certified public accountants (excluding ①.)

Category	Previous fiscal year		Current fiscal year	
	Remuneration for on audit assurance services (Millions of yen)	Remuneration for on non-audit assurance services (Millions of yen)	Remuneration for on audit assurance services (Millions of yen)	Remuneration for on non-audit assurance services (Millions of yen)
The Company	―	―	―	―
Consolidated subsidiaries	2	15	3	12
Total	2	15	3	12

Non-audit services provided by the same network of certified public accountants (EY Strategy and Consulting Co., Ltd.) was an advisory service for disclosing information on climate change risks.

③Other material remuneration to independent auditors

Previous fiscal year (January 1, 2022, to December 31, 2022) and current fiscal year (January 1, 2023, to December 31, 2023)

Not applicable.

④Details of non-audit services rendered by independent auditors

Previous fiscal year (January 1, 2022, to December 31, 2022)

Not applicable.

Current fiscal year (January 1, 2023, to December 31, 2023)

Not applicable.

⑤Reason for the Audit and Supervisory Committee to Have Agreed the Amount of Renumeration Payable to the Accounting Auditor, etc.

The Audit and Supervisory Committee confirmed and reviewed the appropriateness and adequacy of the audit plans, audit hours, implementation status and grounds for the estimate of the remuneration as submitted by the accounting auditor before granting approval to the remuneration payable to the accounting auditor.

(4) Officer compensation, etc.

①Compensation policy and process for determining the policy

a. Policy and Method of Determination of Remuneration, etc. for Directors

(a). Basic policy on compensation for Executive Directors and Executive Officers

(i) Compensation level and structure that enable hiring and retaining high-quality talents from the perspective of diverse nationalities and experiences.

(ii) Compensation composition ratio emphasizing performance-linked compensation, resulting in providing sufficient incentives for profitable growth.

(iii) Introduce the system to further improve mid- to long-term corporate value and reinforce alignment of interests with the shareholders.

(b). Supervisory Officers (Directors serving on the Audit and Supervisory Committee and Outside Directors not serving on the Audit and Supervisory Committee)

The compensation level and structure that is appropriate as roles in managerial supervision and audit.

(c). Process for determining the policy

The policy for determining compensation for Officers, etc. shall be determined upon deliberation by the Audit and Supervisory Committee and approval by the Board of Directors.

The current policy (policy for determining compensation for Directors, etc.) has been resolved by the Board of Directors on February 9, 2023, and February 14, 2024.

②Details and procedures on compensation for Executive Directors and Executive Officers

(a). Compensation structure

<table>
<tr>
<td rowspan="2">Fixed compensation</td>
<td>Base salary</td>
<td>Monthly payment of an amount determined based on responsibilities.</td>
<td rowspan="3">The portion of the compensation shown on the left provided to Directors will not exceed the following amount.

Compensation limit for Directors (excluding Directors serving on the Audit and Supervisory Committee): 850 million yen per year (approved by resolution no. 5 of 2019 Annual General Meeting of Shareholders) (five in number at the time of the resolution, excluding Directors serving on the Audit and Supervisory Committee)
* In case where the Audit and Supervisory Committee has deliberated and deemed it necessary, payments within 850 million yen may be made for fringe benefits such as compensation for exchange rate fluctuation between other countries and Japan, housing allowance, etc.</td>
</tr>
<tr>
<td>Retirement payments</td>
<td>10% of annual base salary is retained, and the accumulated amount is calculated and paid upon their retirement.
This payment may be reduced or withheld altogether if the recipient has caused significant damage to the CCBJH Group or been subject to disciplinary action. It may also be specially increased where the recipient has given particularly distinguished contribution. Any reduction, withholding, or special increase will be decided at the Board of Directors Meeting, based on deliberation by the Audit and Supervisory Committee.</td>
</tr>
<tr>
<td rowspan="2">Variable compensation</td>
<td>Annual bonus</td>
<td>Provided at a certain point in the year as an incentive for achieving performance targets for each fiscal year.
The target amount is set in the range of 30% to 85% of base salary, depending on their responsibilities.
The amount of payment varies in the range of 0% to 150% of the target amount depending on the achievement of performance targets in each fiscal year (companywide performance and individual evaluations)
To provide motivation to achieve profitable growth, business income, sales volume, and net sales have been adopted as measures for evaluating companywide performance, based on the Company's policy regarding the determination of compensation, etc. for Directors, etc.
The amount to be paid may be adjusted if the Audit and Supervisory Committee deliberated it necessary to do so, taking into consideration the status of payment of bonuses to employees.</td>
</tr>
<tr>
<td>Long-term incentives</td>
<td>Two types of stock-based compensation systems, (1) PSU and (2) RSU, are adopted as long-term incentives.
The basic amount of all long-term incentives (1) PSU + (2) RSU is set in the range of 15% to 100% of base salary based on the responsibilities. 50% of this basic amount is set as the basic PSU amount, and 50% is set as the basic RSU amount.
With regard to (2) RSU, additional grants for the purpose of retention, etc. may be made in addition to the above-mentioned basic RSU amount and in case for Directors, up to the compensation limit detailed on the right if deemed necessary by the Audit and Supervisory Committee (Special RSU).</td>
<td>The portion of the compensation shown on the left provided to Directors will not exceed the following amount.

Compensation limit for Directors (excluding Directors serving on the Audit and Supervisory Committee):</td>
</tr>
</table>

	(1) PSU (Performance Share Units)	● Granted as an incentive for achieving medium to long term performance targets. ● The number of shares to be issued shall be determined within the range of 0% to 150% of the basic PSU amount depending on the achievement of performance targets (only considering companywide performance) over the three years after the share units have been granted. ● A part of the shares to be issued shall be paid in cash for the purpose of allocating funds for the payment of tax obligations, etc. ● To provide motivation to enhance corporate value over the mid to long term, consolidated ROE and consolidated sales growth rate have been adopted as measures for evaluating performance, based on the Company's policy regarding the determination of compensation for Directors, etc.	The maximum number of shares is 2,880 million yen and 1,800,000 shares for three fiscal years (approved by resolution no. 5 of 2022 Annual General Meeting of Shareholders) (five in number at the time of the resolution, excluding Directors serving on the Audit and Supervisory Committee)
	(2) RSU (Restricted Stock Units)	● Granted for the purpose of aligning interests with shareholders, creating incentives to increase corporate value, and strengthening retention of talented people. ● A predetermined number of shares are issued at retirement. ● A part of the shares to be issued shall be paid in cash for the purpose of allocating funds for the payment of tax obligations, etc.	

* Regarding fringe benefits, to support the execution of assignments outside the home country, compensation for exchange rate fluctuation between other countries and Japan, housing allowance, etc. are provided in accordance with the internal regulations approved at the Board of Directors Meeting through deliberations by the Audit and Supervisory Committee.

(b) Process for determining compensation

Approval of compensation including the amount of performance-linked compensation for Executive Directors shall be delegated to a Representative Director (Calin Dragan) upon resolution by the Board of Directors, and the amount shall be determined by the Representative Director in accordance with the "Policy for Determining Compensation for Directors, etc." approved by the Board of Directors within the total amount determined by the resolution of the General Meeting of Shareholders after the terms of compensation are deliberated by the Audit and Supervisory Committee composed solely of Outside Directors in order to enhance the transparency and objectivity of procedures for determining compensation. The reason for the delegation is that the Representative Director is deemed appropriate to determine the performance results of each Director while taking into account the overall performance of the Company. In order for the Representative Director to exercise such authority appropriately, the decision on this has been made after deliberations by the Audit & Supervisory Committee. The compensation for Executive Officers shall also be determined through deliberations by the Audit and Supervisory Committee. Therefore, the Board of Directors deems that the content of these compensations is in line with the above decision-making policy.

(i) Activities of the Board of Directors

The Board of Directors' activities concerning the determination of Officer compensation for FY2023 are as follows.

(1) Number of meetings of the Board of Directors held over one year from January 2023 to December 2023: 8

(2) Main subjects discussed by the Board of Directors concerning Officer compensation and Officer compensation structure in FY2023:

・Payment of FY2022 Annual Incentive and Non-vesting of FY2020 Long term Incentive for Directors and Executive Officers

・FY2022 Retention measures

・FY2023 Compensation for Directors (Excluding Directors Serving on Audit and Supervisory Committee) and Executive Officers

・Report on the number of share units to be granted to the Directors and Executive Officers in FY2023

・FY2023 special RSU

・Compensation for retired Executive Officers

・Establishment of trusts for stock-based compensation

(ii) Activities of the Audit & Supervisory Committee

Activities of the Audit & Supervisory Committee concerning the determination of Officer compensation for FY2023 are as follows.

(1) Number of meetings of the Audit and Supervisory Committee held over one year from January 2023 to December 2023: 5

(2) Main subjects discussed by the Audit & Supervisory Committee concerning Officer compensation and Officer compensation structure in FY2023:

・Payment of 2022 Annual Incentive and Non-vesting of 2020 Long term Incentive for Directors and Executive Officers

・FY2022 Retention measures

・FY2023 Executive Compensation Proposal

・FY2023 Compensation for Audit and Supervisory Committee Members

・FY2023 special RSU

・FY2023 Individual Objectives of Directors and Executive Officers

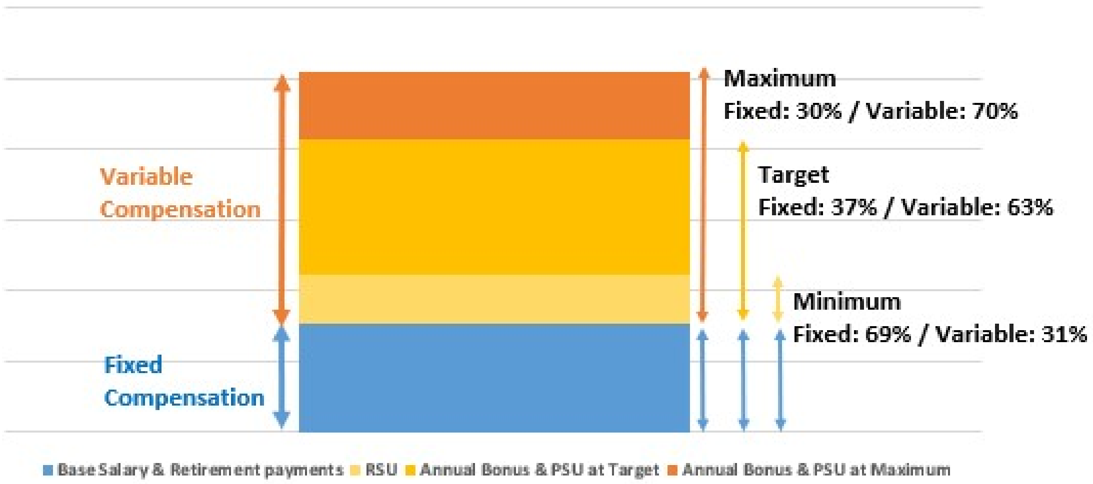
・Compensation for retired Executive Officers

・Establishment of trusts for stock-based compensation

(c). Compensation level

Compensation is decided according to the responsibilities by utilizing data from compensation surveys performed by external research organizations and taking into account the level of compensation provided at companies such as domestic and overseas companies of similar scale in similar industries with the intent to provide a level of compensation that enables recruitment and retention of talented people who are highly diverse in terms of nationality, experience, etc.

Image of compensation structure (in case of Representative Director)



③Guidelines and procedures for determining compensation for Supervisory Officers

The compensation for Supervisory Officers (Directors who are Audit & Supervisory Committee Members and Outside Directors who are not Audit & Supervisory Committee Members) is composed of basic compensation only in view of their role as supervisors and auditors of CCBJI business. Compensation levels are set according to the role of the Director by utilizing data from compensation surveys performed by external research organizations and taking into account the level of compensation provided at domestic companies of similar scale.

The individual compensation for Directors serving on the Audit and Supervisory Committee is proposed to the Audit and Supervisory Committee and determined upon consultation with Directors serving on the Audit and Supervisory Committee within the total amount determined by the resolution of the General Meeting of Shareholders. The compensation for Outside Directors not serving on the Audit and Supervisory Committee shall be delegated to a Representative Director (Calin Dragan) upon resolution by the Board of Directors, and the amount shall be determined by the Representative Director in accordance with the “Policy for Determining Compensation for Directors, etc.” approved by the Board of Directors after the terms of compensation are deliberated by the Audit and Supervisory Committee. The reason for delegating these authorities to the President and Representative Director is that the President and Representative Director is considered to be the most appropriate person to evaluate the responsibilities of each Director. To ensure that such authority is appropriately exercised by the President and Representative Director, decisions on the details of compensation for outside directors who are not members of the Audit and Supervisory Committee are made after deliberation by the Audit and Supervisory Committee. Therefore, the Board of Directors deems that the content of these remunerations is in line with the above decision-making policy.

④ Details of compensation for Officers for FY2023

a. Total amount of compensation, etc. by position, total amount of compensation, etc. by category and headcount of Officers

Positions	Total remuneration (Millions of yen)	Types of remuneration				Headcount of Officers (people)
		Basic compensation (Note 4)	Retirement payments	Annual bonuses	Long-term incentives (Note 5)	
Directors (excluding Directors serving on the Audit and Supervisory Committee) (Of which Outside Directors)	1,076 (44)	490 (44)	23 (–)	271 (–)	292 (–)	6 (4)
Directors (serving on the Audit and Supervisory Committee) (Of which Outside Directors)	71 (71)	71 (71)	– (–)	– (–)	– (–)	7 (7)
Total (Of which Outside Directors)	1,147 (115)	561 (115)	23 (–)	271 (–)	292 (–)	13 (11)

(Note)

1. In accordance with the resolution passed at the 62nd Annual General Meeting of Shareholders held on March 26, 2020, the upper limit of compensation for Directors (five in number at the time of the resolution, excluding Directors serving on the Audit and Supervisory Committee) shall be 850 million yen per year (of which 50 million yen per year for Outside Directors (two in number at the time of the resolution); in accordance with the resolution passed at the 58th Annual General Meeting of Shareholders held on March 23, 2016, the upper limit of compensation for Directors serving on the Audit and Supervisory Committee (five at the time of the resolution) shall be 100 million yen per year.
2. The above table includes remuneration, etc. paid to one director (excluding directors who are members of the Audit and Supervisory Committee) and 3 directors who retired due to the expiration of their terms of office at the conclusion of the FY2022 Ordinary General Meeting of Shareholders held on March 28, 2023.
3. Apart from Note 1 above, the amount of remuneration, etc. to be paid to directors (excluding directors who are members of the Audit and Supervisory Committee) The total amount of monetary compensation claims and cash to be delivered to executive directors as stock-based compensation (PSUs and RSUs) is determined by resolution of the 65th Company's Annual General Meeting of Shareholders held on March 28, 2023 as the amount of compensation, etc. for directors (excluding directors who are members of the Audit Committee), not exceeding 2,880 million yen and 1,800,000 shares for three fiscal years.
4. Basic compensation includes an amount equivalent to fringe benefits (compensation for exchange rate fluctuation between other countries and Japan, housing allowance, etc.), etc.
5. Long-term incentives include PSU, RSU and Special RSU.

b. Total amount of compensation, etc. for those whose total compensation, etc. amounts to 100 million yen or more

Name	Position	Company category	Total compensation based on each category (millions of yen)				Total compensation (millions of yen)
			Basic compensation Note:1	Retirement payments	Annual bonus	Long-term incentives Note 2	
Calin Dragan	Representative Director	Filing company	263	15	190	212	680
Bjorn Ivar Ulgenes	Representative Director	Filing company	183	8	81	80	352

(Note)

1. Basic compensation includes an amount equivalent to fringe benefits (compensation for difference in tax rates between other countries and Japan, housing allowances, etc.), etc.
2. Long-term incentives include PSU, RSU and Special RSU.

c. Significant employee salary received by the officer concurrently serving as an employee

Not applicable.

d. Payment rate, etc. of incentive compensation

(a) In alignment with the strategic business plan and the goal of achieving it, business income, sales volume and net sales are set as proper performance metrics of Annual Bonus to measure company performance of the Company in the previous years. Performance is calculated based on predetermined targets and actual achievement, weighted average achievement for FY2023. The achievement level of the company's business performance for the period under review was 132%. Sales volume grew and both sales and income increased due to the success of sales activities to seize opportunities for increased demand against the backdrop of a recovery in the workforce, revitalization of economic activities, and the extremely hot summer, etc. The effects of cost reduction efforts were realized ahead of schedule, and the impact of soaring raw material, material, and energy prices, etc. was suppressed. The individual performance evaluation-based payout rate for Executive Directors was 120%. Based on the company performance, individual performance evaluation and the status of payment of bonuses to employees, the Audit and Supervisory Committee discussed and reviewed the final payout rate (rate of actual annual incentive paid against target payout) for FY2023. As a result, it determined that 136% is reasonable.

(b) The PSUs for FY2021 were evaluated for the three-year period from 2021 to 2023. The consolidated ROE and consolidated sales revenue growth rate were selected as performance evaluation indicators, and performance was evaluated based on the degree of achievement of these targets, and the performance achievement, which is the weighted average of the degree of achievement of each indicator target for the relevant period, was 29.1%. The vesting rate of PSU granted against target value fluctuates between 0 - 150% depending on achievement levels of performance targets. Based on the above-mentioned result, the payout rate of the PSU (rate of PSU’s granted against target) is 0%. The vesting rate of PSU granted in 2022 and 2023 are calculated based on ROE for the final fiscal year of the relevant performance period and the annual average sales growth rate for the relevant performance period. Therefore, we are making a reasonable estimate based on our earnings forecast at this time.

(5) The Company's shareholding status

① Standards and concept applied to the classification of investment shares

The Company holds shares of other companies (hereafter "investment shares") either for the purpose of pure investment or other purpose that is strictly not for pure investment and classifies them separately according to this difference. The shares classified as shares for pure investment are held for the purpose of gaining benefit when they are sold at the timing the stock price fluctuates favorably or when the company that issued the shares pays the dividend to the shareholders. The Company also holds shares of other companies that are not strictly for pursuing such returns from investment.

② Shareholding status of Coca-Cola Bottlers Japan Inc.

Among the Company and its consolidated subsidiaries, the company that records the largest amount of investment shares in the balance sheet (the largest shareholding company) is Coca-Cola Bottlers Japan Inc. (hereafter "CCBJI"), and its shareholding status is as follows:

a. Investment shares that are not held for pure investment purpose

(a) The policy of shareholding, method of verifying the rationality of holding the shares, and the result of the verification by the Board of Directors, etc. on the validity of holding the shares of individual company brands

In principle, the Company has a policy of not owning the so-called crossholding shares.

However, there are cases in which the Company acquires and holds such shares to create business opportunities and maintain and strengthen its relationships with business partners and local communities. The Company shall evaluate and report on the cost of holding major cross-shareholdings and the return on investment thereof in Board Meeting, and work on reducing the cross-shareholdings based on such evaluation.

(b) Number of company brands and the amount recorded in the balance sheet

	Number of company brands (Brand)	Total amount recorded on the balance sheet (in million yen)
Non-listed shares stock	89	2,778
Shares other than non-listed shares	17	4,513

(Brands that the Company increased the number of shares in this fiscal year)

	Number of company brands (Brand)	Total amount spent to increase the number of shares held (in million yen)	Reason for increasing the number of shares
Non-listed shares	-	-	-
Shares other than non-listed shares	5	10	The Company increased the number of shares of this company brand as it is a member of the shareholding association of the counterparty company.

(Brands that the Company decreased the number of shares in this fiscal year)

	Number of company brands (Brand)	Total amount received from selling and decreasing the number of shares (in million yen)
Non-listed shares	16	303
Shares other than non-listed shares	29	4,928

(c) Information on specified investment shares, the number of shares of each brand of deemed holding shares, amount recorded in the balance sheet, etc.

Specified investment shares

Brand	Current fiscal year Number of shares Amount recorded in the balance sheet (in million yen)	Previous fiscal year Number of shares Amount recorded in the balance sheet (in million yen)	Purpose and quantitative effect of holding the shares, and reason for increasing the number of shares (Note 1, 2)	Whether the counterparty company is holding the Company's shares or not
Central Japan Railway Company	270,500 969	54,100 877	The Company is mainly a trading partner of the vending channel and holds these shares for the purpose of creating business opportunities and building, maintaining, and strengthening relationships. The number of shares increased due to a stock split in the current fiscal year.	No
Nishi-Nippon Railroad Co., Ltd.	400,000 956	400,000 988	The Company is mainly a trading partner of the vending channel and holds these shares for the purpose of creating business opportunities and building, maintaining, and strengthening relationships.	Yes
Mitsubishi Heavy Industries, Ltd.	90,000 742	90,000 471	The Company holds these shares for the purpose of building, maintaining, and strengthening stable business relationships in material procurement and other areas, including beverage production facilities.	No (Note 3)
Japan Airport Terminal Co., Ltd.	100,000 621	100,000 653	The Company is mainly a trading partner of the vending channel and holds these shares for the purpose of creating business opportunities and building, maintaining, and strengthening relationships.	No
AEON CO., LTD.	112,031 353	111,826 311	The Company is mainly a trading partner of the over the counter channel and holds these shares for the purpose of creating business opportunities and building, maintaining, and strengthening relationships. The number of shares has increased due to membership in the Shareholding Association.	No
IZUMI Co., Ltd.	93,320 338	231,320 691	The Company is mainly a trading partner of the over the counter channel and holds these shares for the purpose of creating business opportunities and building, maintaining, and strengthening relationships. The number of shares decreased in the current fiscal year due to the sale of some shares.	No
H2O RETAILIG Corporation	92,949 142	89,505 115	The Company is mainly a trading partner of the over the counter channel and holds these shares for the purpose of creating business opportunities and building, maintaining, and strengthening relationships. The number of shares has increased due to membership in the Shareholding Association.	No
Valor Holdings Co., Ltd.	31,200 76	31,200 57	The Company is mainly a trading partner of the over the counter channel and holds these shares for the purpose of creating business opportunities and building, maintaining, and strengthening relationships.	No
DAISYO CORPORATION	48,100 59	48,100 50	The Company is mainly a trading partner of the food channel and holds these shares for the purpose of creating business opportunities and building, maintaining, and strengthening relationships.	No
Bronco Billy Co., Ltd.	18,543 59	18,384 45	The Company is mainly a trading partner of the food channel and holds these shares for the purpose of creating business opportunities and building, maintaining, and strengthening relationships. The number of shares has increased due to membership in the Shareholding Association.	No
Hankyu Hanshin Holdings, Inc.	10,800 48	10,800 42	The Company is mainly a trading partner of the vending channel and holds these shares for the purpose of creating business opportunities and building, maintaining, and strengthening relationships.	No
Misumi Co., Ltd.	23,990 45	22,655 39	The Company is mainly a trading partner of the vending channel and holds these shares for the purpose of creating business opportunities and building, maintaining, and strengthening relationships. The number of shares has increased due to membership in the Shareholding Association.	No

Brand	Current fiscal year	Previous fiscal year	Purpose and quantitative effect of holding the shares, and reason for increasing the number of shares (Note 1, 2)	Whether the counterparty company is holding the Company's shares or not
	Number of shares	Number of shares		
	Amount recorded in the balance sheet (in million yen)	Amount recorded in the balance sheet (in million yen)		
WDI Corporation.	16,000	16,000	The Company is mainly a trading partner of the food channel and holds these shares for the purpose of creating business opportunities and building, maintaining, and strengthening relationships.	No
	44	32		
Mr Max Holdings Ltd.	38,024	35,759	The Company is mainly a trading partner of the over the counter channel and holds these shares for the purpose of creating business opportunities and building, maintaining, and strengthening relationships. The number of shares has increased due to membership in the Shareholding Association.	No
	24	24		
ROUND ONE Corporation	36,000	36,000	The Company is mainly a trading partner of the vending channel and holds these shares for the purpose of creating business opportunities and building, maintaining, and strengthening relationships.	No
	20	17		
TOKYU CORPORATION	7,500	7,500	The Company is mainly a trading partner of the vending channel and holds these shares for the purpose of creating business opportunities and building, maintaining, and strengthening relationships.	No
	13	12		
Maruyoshi Center Inc.	1,000	1,000	The Company is mainly a trading partner of the over the counter channel and holds these shares for the purpose of creating business opportunities and building, maintaining, and strengthening relationships.	No
	3	3		
East Japan Railway Company	—	115,000	—	No
	—	865		
Oriental Land Co., Ltd.	—	34,190	—	No
	—	655		
McDonald's Corporation	—	14,084	—	No
	—	487		
Fuji Co., Ltd.	—	248,262	—	Yes
	—	454		
Seibu Holdings Inc.	—	247,000	—	No
	—	356		
AEON KYUSHU CO., LTD.	—	116,800	—	No
	—	283		
West Japan Railway Company	—	42,000	—	No
	—	241		
Axial Retailing Inc.	—	58,379	—	No
	—	198		
LIFE CORPORATION	—	18,213	—	No
	—	48		
Fukuoka Financial Group, Inc.	—	13,882	—	No
	—	42		
United Super Market Holdings Inc.	—	32,780	—	No
	—	37		
GREENLAND RESORT Co., Ltd.	—	64,200	—	No
	—	35		
Daiichi Kotsu Sangyo Co., Ltd.	—	44,000	—	No
	—	33		
YAOKO CO., LTD.	—	4,400	—	No
	—	30		

Brand	Current fiscal year Number of shares Amount recorded in the balance sheet (in million yen)	Previous fiscal year Number of shares Amount recorded in the balance sheet (in million yen)	Purpose and quantitative effect of holding the shares, and reason for increasing the number of shares (Note 1, 2)	Whether the counterparty company is holding the Company's shares or not
COLOWIDE Co., Ltd.	—	14,238	—	No
	—	25		
Belc CO., LTD.	—	4,400	—	No
	—	25		
DYNAM JAPAN HOLDINGS Co., Ltd.	—	238,931	—	No
	—	24		
POPLAR. CO., LTD.	—	136,430	—	No
	—	19		
HALOWS CO., LTD.	—	6,000	—	No
	—	17		
YAMADA HOLDINGS CO., LTD.	—	33,966	—	No
	—	16		
KICHIRI HOLDINGS & Co., Ltd.	—	24,000	—	No
	—	13		
ATOM CORPORATION	—	14,640	—	No
	—	11		
KAWACHI LIMITED	—	2,000	—	No
	—	4		
RETAIL PARTNERS CO., LTD.	—	3,000	—	No
	—	4		
KAN-NANMARU CORPORATION	—	8,000	—	No
	—	3		
Keisei Electric Railway Co., Ltd.	—	714	—	No
	—	3		
Maxvalu Tokai Co., Ltd.	—	715	—	No
	—	2		
Kyusyu Electric Power Company, Inc	—	365	—	No
	—	0		

(Note)
1. The results of the assessment of the quantitative effect of holding the shares of individual company brands are omitted from this document for the purpose of maintaining confidentiality. The Company, however, is regularly verifying the effect of holding these shares from the standpoint of business interests and costs, etc.
2. "—" means that the Company does not hold any shares of the brand indicated by this mark. In accordance with the Company's policy of not holding so-called crossholding shares in principle, the Company sold all shares of such brands in FY2023.
3. The company that issued the shares held by the Company does not cross-hold the Company's shares, but its group company is holding the Company's shares.

Deemed holding shares

Not applicable.

b. Investment shares held for the purpose of pure investment

Not applicable.

c. Investment shares initially held for the purpose of pure investment that the Company changed to investment shares held not for the purpose of pure investment during this fiscal year

Not applicable.

d. Investment shares initially held not for the purpose of pure investment that the Company changed to investment shares held for the purpose of pure investment during this fiscal year

Not applicable.

V. Accounting information

1. Preparation of consolidated financial statements and financial statements

(1) The Group’s consolidated financial statements has been prepared in accordance with IFRS pursuant to the provisions of Article 93 of the “Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Ministry of Finance No. 28 of 1976; hereinafter referred to as the “Ordinance on Consolidated Financial Statements”).

(2) The Company’s financial statements have been prepared in accordance with the “Regulations on Terminology, Forms and Preparation Methods of Financial Statements” (Ordinance of the Ministry of Finance No. 59 of 1963; hereinafter referred to as the “Ordinance on Financial Statements”).

The Company qualifies as a company submitting special financial statements and prepares the financial statements in accordance with the provisions of Article 127 of the Ordinance on Financial Statements, etc.

2. Note on independent audit

The Company has been audited by Ernst & Young ShinNihon LLC for the consolidated financial statements and the financial statements as of and for the year ended December 31, 2023, pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Remarkable efforts to ensure for presentation of consolidated financial statements, etc. and the establishment of structures to appropriately prepare consolidated financial statements, etc. in accordance with IFRS

The Company has been continuing special efforts to ensure the appropriateness of consolidated financial statements and the establishment of a system to appropriately prepare consolidated financial statements based on IFRS. The details are as follows:

(1) In order to properly understand the contents of accounting standards and to establish structures that can respond to changes in accounting standards, the Company has become a member of the Financial Accounting Standards Foundation and actively participated in training sessions held by the bodies that set accounting standards.

(2) With respect to the adoption of IFRS, the Company has obtained from time-to-time press releases and statements issued by the International Accounting Standards Board and ascertained the current standards.

This is an English translation of the original Annual Securities Report ("Yukashoken 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 Yukashoken Hokokusho and this English translation, Yukashoken Hokokusyo shall prevail.

1. Consolidated financial statements

(1) Consolidated financial statements

① Consolidated statement of financial position

(Millions of yen)

	Notes	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Assets			
Current assets			
Cash and cash equivalents	6,30	84,074	113,660
Trade and other receivables	7,30	103,346	120,069
Inventories	8	71,051	71,651
Other financial assets	30	542	88
Other current assets	12	13,108	8,288
Total current assets		272,122	313,756
Non-current assets			
Property, plant, and equipment	9	425,009	401,687
Right-of-use assets	9,16	21,841	23,894
Intangible assets	10	65,865	63,819
Investments accounted for using the equity method		322	310
Other financial assets	30	15,888	11,898
Deferred tax assets	27	20,581	25,222
Other non-current assets	12	5,110	4,245
Total non-current assets		554,615	531,077
Total assets		826,737	844,832

(Millions of yen)

	Notes	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Liabilities and equity			
Liabilities			
Current liabilities:			
Trade and other payables	13,30	108,254	116,612
Bonds and debts	15,30	1,000	40,979
Lease liabilities	16,30	5,122	5,267
Other financial liabilities	30	654	1,111
Income taxes payable		1,272	4,176
Other current liabilities	18	20,339	29,297
Total current liabilities		136,641	197,443
Non-current liabilities:			
Bonds and debts	15,30	155,701	114,802
Lease liabilities	16,30	18,146	20,349
Other non-current financial liabilities	30	8	15
Net defined benefit liabilities	17	17,817	19,856
Provisions	14	1,761	1,781
Deferred tax liabilities	27	17,157	16,757
Other non-current liabilities	18	3,147	3,809
Total non-current liabilities		213,737	177,369
Total liabilities		350,378	374,812
Equity			
Capital share	19	15,232	15,232
Capital surplus	19	451,264	451,389
Retained earnings	19	94,209	88,365
Treasury share	19	(85,667)	(85,362)
Accumulated other comprehensive income(loss)	19	1,177	223
Equity attributable to owners of the parent		476,216	469,847
Non-controlling interests		142	174
Total equity		476,358	470,021
Total liabilities and equity		826,737	844,832

② 【Consolidated Statements of Income】

	Notes	For the year ended December 31, 2022	For the year ended December 31, 2023
Revenue	5,22	807,430	868,581
Cost of sales		455,675	484,364
Gross profit		351,755	384,216
Selling and general administrative expenses	23	365,295	381,022
Other income	25	9,312	5,156
Other expenses	25	7,332	4,902
Investment income(loss) on equity method		46	(7)
Operating income (loss)		(11,513)	3,441
Financial revenue	26	264	535
Financial expense	26	1,242	753
Income (Loss) for the year before income taxes		(12,491)	3,224
Income tax expense (benefit)	27	(4,432)	1,321
Net income (loss) for the year		(8,059)	1,903
Net income (loss) for the year attributable to			
Owners of the parent		(8,070)	1,871
Non-controlling interests		11	32
Earnings (Losses) per share (yen)	34	(45.00)	10.43
Diluted earnings per share (yen)	34	-	10.36

③ 【Consolidated statements of comprehensive income】

(Millions of yen)

	Notes	For the year ended December 31, 2022	For the year ended December 31, 2023
Net income (loss) for the period		(8,059)	1,903
Other comprehensive income	28		
Items that will not be reclassified subsequently to income or loss:			
Remeasurements of defined benefit plans		1,523	33
Net change in financial assets measured at fair value through other comprehensive income		292	893
Subtotal		1,815	926
Items that may be reclassified subsequently to income or loss:			
Cash flow hedges		1,250	(587)
Subtotal		1,250	(587)
Total other comprehensive income for the period		3,065	338
Total comprehensive income for the period		(4,994)	2,241
Comprehensive income attributable to:			
Owners of parent		(5,005)	2,209
Non-controlling interests		11	32

④ 【Consolidation statements of changes in equity】

The previous fiscal year ended December 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	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 for the period									
Net loss for the period		—	—	(8,070)	—	—	(8,070)	11	(8,059)
Other comprehensive income	28	—	—	—	—	3,065	3,065	—	3,065
Total comprehensive income for the period		—	—	(8,070)	—	3,065	(5,005)	11	(4,994)
Transactions with owners									
Dividends of surplus	21	—	—	(8,967)	—	—	(8,967)	—	(8,967)
Purchase of treasury shares	19	—	—	—	(6)	—	(6)	—	(6)
Disposal of treasury shares	19	—	(0)	—	0	—	0	—	0
Transactions of share-based payment	20	—	432	—	—	—	432	—	432
Reclassification from accumulated other comprehensive income to retained earnings	19	—	—	1,974	—	(1,974)	—	—	—
Reclassification from accumulated other comprehensive income to non-financial assets	19	—	—	—	—	(2,558)	(2,558)	—	(2,558)
Total transactions with owners		—	432	(6,993)	(5)	(4,532)	(11,099)	—	(11,099)
Balance as of December 31, 2022		15,232	451,264	94,209	(85,667)	1,177	476,216	142	476,358

The current fiscal year ended December 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	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 for the period									
Net income for the period		—	—	1,871	—	—	1,871	32	1,903
Other comprehensive income	28	—	—	—	—	338	338	—	338
Total comprehensive income for the period		—	—	1,871	—	338	2,209	32	2,241
Transactions with owners									
Dividends of surplus	21	—	—	(8,967)	—	—	(8,967)	—	(8,967)
Purchase of treasury shares	19	—	—	—	(5)	—	(5)	—	(5)
Disposal of treasury shares	19	—	(149)	—	310	—	162	—	162
Transactions of share-based payment	20	—	273	—	—	—	273	—	273
Reclassification from accumulated other comprehensive income to retained earnings	19	—	—	1,252	—	(1,252)	—	—	—
Reclassification from accumulated other comprehensive income to non-financial assets	19	—	—	—	—	(41)	(41)	—	(41)
Total transactions with owners		—	125	(7,715)	305	(1,293)	(8,579)	—	(8,579)
Balance as of December 31, 2023		15,232	451,389	88,365	(85,362)	223	469,847	174	470,021

⑤ 【Consolidated statements of cash flows】

(Millions of yen)

	Notes	For the year ended December 31, 2022	For the year ended December 31, 2023
Cash flows from operating activities			
Income (loss) before income taxes		(12,491)	3,224
Adjustments for:			
Depreciation and amortization		45,786	46,460
Impairment loss	11	20	288
Decrease in allowance for doubtful accounts		(655)	(29)
Interest and dividends income		(237)	(178)
Interest expenses		750	660
Shares of loss (income) of entities accounted for using equity method		(46)	7
Gain on sale of property, plant, and equipment		(4,587)	(4,425)
Loss on disposal and sale of property, plant and equipment and intangible assets		2,111	1,258
(Increase) Decrease in trade and other receivables		2,603	(16,711)
Increase in inventories		(3,450)	(600)
Decrease in other assets		2,611	2,475
Increase in trade and other payables		1,379	10,840
Increase in net defined benefit liabilities		2,541	2,089
Increase in other liabilities		4,910	10,039
Others		2,521	5,768
Subtotal		43,767	61,164
Interest received		0	0
Dividends received		237	178
Interest paid		(654)	(577)
Income taxes paid		(4,820)	(3,627)
Income taxes refund		4,187	1,964
Net cash generated from operating activities		42,717	59,102
Cash flows from investing activities			
Payments for acquisitions of property, plant and equipment and intangible assets	9,10	(32,674)	(31,624)
Proceeds from sales of property, plant and equipment and intangible assets	9,10	7,127	11,806
Payments for purchases of other financial assets		(25)	(21)
Proceeds from sale of other financial assets		2,432	5,542
Others		51	11
Net cash used for investing activities		(23,090)	(14,287)

	Notes	For the year ended December 31, 2022	For the year ended December 31, 2023
Cash flows from financing activities			
Decrease in short-term loans payable	29	(38)	—
Repayments of long-term loans payable	29	(1,065)	(1,000)
Payments for bond redemption	29	(30,000)	—
Dividends paid	21	(8,967)	(8,967)
Proceeds from disposal of treasury shares		0	162
Payments for purchases of treasury shares		(6)	(5)
Repayments of lease liabilities	29	(5,974)	(5,418)
Net cash used for financing activities		(46,050)	(15,229)
Net change in cash and cash equivalents (decrease)		(26,422)	29,586
Cash and cash equivalents at the beginning of the year		110,497	84,074
Cash and cash equivalents at the end of the year	6	84,074	113,660

【Notes to consolidated financial statements】

1. Introduction of reporting company

The Company is a holding company domiciled in Japan and is listed on the Tokyo Stock Exchange Prime Market. Under the Coca-Cola brand, the Company, and its subsidiaries (collectively, the "Group") engage in purchases, sales, bottling, packaging, distribution and marketing of carbonated beverages, coffee beverages, tea-based beverages, mineral water, and other soft drinks in Japan. After 1999, we have integrated our operations with five Coca-Cola bottlers, and became a Coca-Cola bottler with a business covering approximately 45 million people in 22 prefectures in the Kinki, Chugoku, Shikoku, and Kyushu regions. In April 2017, the Company entered into a share exchange contract whereby Coca-Cola West Co., Ltd. became the sole parent company and Coca-Cola East Japan Co., Ltd. became a wholly owned subsidiary. Coca-Cola West Co., Ltd. changed its trade name to Coca-Cola Bottlers Japan Inc., and its entire business, excluding the group operational management business and assets management business, was inherited by its wholly-owned subsidiary "New CCW Establishment Preparation Company Co., Ltd." (whose trade name changed to Coca-Cola West Co., Ltd.), and Coca-Cola West Co., Ltd. had its corporate form transferred to a holding company. In January 2018, Coca-Cola Bottlers Japan Inc. was renamed Coca-Cola Bottlers Japan Holdings Inc. to clarify its role as a holding company.

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 (Treasurer), Bjorn Ivar Ulgenes on March 27, 2024, and are considering the events after the reporting period to that date (see Notes 36, "Subsequent events").

2. Basis of preparation

(1) Framework for application of financial reporting

The Group's consolidated financial statements have been prepared in accordance with the IFRS established by International Accounting Standards Board. The Group meets all of the requirements of a designated international accounting standard specified company as set forth in Article 1-2 of the consolidated financial statements Regulations, so the provisions of Article 93 of the said Regulations are applied.

(2) Functional currency and presentation currency

Consolidated financial statements are stated in Japanese yen, the currency of the Company's principal economic environment ("functional currency"). All consolidated financial information is rounded to the nearest million yen unless otherwise stated.

3. Material accounting policies

The material accounting policies and the basis of measurement used by the Group for the preparation of the consolidated financial statements is as follows: Unless otherwise indicated, these accounting policies are applied continuously for all reporting periods presented.

(1) The basis of consolidation

(a) Subsidiary

Consolidated financial statements consist of the financial statements of the Company and companies controlled by the Company's groups (“subsidiary”). The Group controls an investee when the Group has power over the investee, has exposure or rights to change returns arising from its involvement with the investee, and has the ability to affect those returns through its power in the investee. If any of these events or changes in the environment occur, the Company will reassess the control of the investee.

Transactions with non-controlling interest that do not involve a loss of our control are accounted for as equity transactions. The difference between the fair value of consideration paid and the amount equivalent to the acquisition or loss equity in the carrying amount of subsidiary's net assets is recognized in equity. If the Group loses control of the subsidiary, the remaining interest in the entity is remeasurement at the fair value of the date of loss of control, and all changes in carrying amount are recognized in profit or loss.

All intercompany transactions, outstanding and unrealized gains have been eliminated in consolidation.

(b) Investment in associate accounted for using equity method

In consolidated financial statements, investments in associate are accounted for using the equity method. Under equity method, investments in associate are initially recognized at cost, and subsequently, the Group's share of profit or loss after the associate share acquisition is recognized in profit or loss, while changes in the Group's share of associate's other comprehensive income are recognized in other comprehensive income. Dividend income or dividends receivable from associate is deducted from carrying amount of its investments.

(2) Business Combination

For each business combination, the Group recognizes non-controlling interest of acquiree in either fair value or a proportionate share of acquiree's identifiable net assets. If the sum of the consideration transferred, the non-controlling interest of acquiree and the fair value in the acquisition date of the previously owned equity interest in acquiree exceeds the fair value of identifiable net assets, the difference is recognized as goodwill in assets.

(3) Foreign currency translation

Foreign currency transaction is translated into the work functional currency of each group company at the exchange rate of the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of each company at the exchange rate of the reporting date. Non-monetary assets and liabilities denominated in foreign currencies for measurement in fair value are translated at the exchange rate on the date determined by fair value. Non-monetary items denominated in foreign currencies and measured at cost are translated at the exchange rate of the transaction date. Foreign currency translation gains and losses are recognized in profit or loss.

(4) Business segments information

Operating segment is reported in a manner consistent with the internal reporting presented to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and evaluating the performance of the operating segment. The Board of Directors is positioned as the chief operating decision maker in the Group.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash, demand deposits, and short-term investments with a maturity of three months or less from acquisition date, which are readily convertible into cash and bear insignificant risks of changes in value.

(6) Inventories

Inventories are measured at the lower cost and net realizable value. Discounts, rebates, other similar items and interest rates until the par value is reached are deducted from its cost. Manufacturing costs include direct materials, direct labor, and manufacturing overhead. Net realizable value is calculated at estimated selling prices less estimated selling costs and estimated selling expenses.

The Group typically calculates the cost of inventories based on the weighted-average method. If the net realizable value of inventories is less than its cost, the difference is recognized as expense in the consolidated statements of profit or loss.

(7) Property, plant, and equipment

After initial recognition, property, plant, and equipment is measured at cost less accumulated depreciation and impairment losses. Expenditures incurred to expand, improve, or improve asset productivity, allowances, or efficiencies, or to extend the useful life of an asset are included in cost of the related asset as capital expenditures, while repairs and administrative expenses are recognized as expenses when incurred.

Depreciation is principally calculated using the straight-line method over the estimated useful life for each item of property, plant and equipment as follows:

	Estimated useful life (Years)
Buildings and structures	2 - 60
Machinery and vehicles	3 - 20
Sales equipment	2 – 11

Depreciation methods, estimated useful life, and estimated residual values are reviewed at the end of each fiscal year, and any changes are applied prospectively as a change in accounting estimate.

Gains and losses from the sale or disposal of asset are measured as the difference between carrying amount and sale value in "Other income" or "Other expense" in the consolidated statements of profit or loss.

(8) Intangible assets

Intangible assets are initially recognized at cost or manufacturing cost. Subsequent to initial recognition, intangible assets are measured at cost less accumulated amortization and impairment losses. The Group evaluates intangible asset's useful life to determine whether it is finite or indefinite and, if it is finite, evaluates useful life based on the expected usable period.

The principal intangible asset with finite useful life is software, and amortization is calculated using the straight-line method over the estimated useful life (5-10 years).

The amortization method, estimated useful life, and estimated residual value are reviewed at the end of each fiscal year and applied prospectively as a change in accounting estimate in the event of any change.

Contract related intangible asset

In connection with the acquisition of the former Coca-Cola East Japan Co., Ltd., the Group's contract related intangible asset is concluded with The Coca-Cola Company. This contract relates to the exclusive rights to manufacture, distribute, and sell the Coca-Cola brand products in certain areas.

The contract is for 10 years and will be renewed without consideration of renewals or extensions.

The Group accounts for contract related intangible asset attributable to bottling contract as an intangible asset with indefinite useful life. The Group believe that it is unlikely that we will not renew or extend the contract due to our historical relationship with The Coca-Cola Company and the possible adverse impact on our franchisors from the nonrenewal of the contract. Therefore, it is difficult to predict the periods during which assets may generate net cash flows.

Contract related intangible assets are not amortized but are assessed for impairment annually and whenever events or changes in circumstances indicate a potential impairment may occur.

(9) Leases (as a lessee)

The Group recognizes Right-of-use assets and lease liabilities at the commencement date of the lease. Right-of-use assets are measured at cost on the commencement date. After the commencement date, the Right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses using a cost model. The lease period of the right-of-use asset is estimated as the non-cancellable lease period, together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. Right-of-use assets are depreciated by using the straight-line method, generally over 15 years from the commencement date.

Lease liabilities are measured on the commencement date at the present value of the lease payments that have not been made as of that date. After the commencement date, the carrying amount of the lease liabilities are adjusted to reflect the interest rate on the lease liabilities and the lease payments made. If the lease liabilities are revised or the terms of the lease are changed, the lease liabilities will be remeasured, and the Right-of-use asset will be revised.

(10) Impairments of property, plant and equipment, intangible asset, and Right-of-use asset

The Group performs impairment tests for intangible assets with indefinite useful life annually or for events or changes in circumstances that may indicate a potential impairment. Other non-monetary assets are tested for impairment when there is an indication that the carrying amount of asset or cash-generating unit exceeds recoverable amount.

The recoverable amount of individual asset or cash-generating unit is the higher of fair value less costs of disposal or value in use. Value in use is determined as the present value of the future cash flows expected to be generated by the related asset. If the recoverable amount of an individual asset cannot be estimated, the recoverable amount of the cash generating unit to which the asset belongs is estimated. The discount rate reflects the current market valuation of the time value of money and the risks inherent in the asset. In determining fair value less costs of disposal, the Group also considers recent market transactions conditions. If such transactions are not identifiable, an appropriate valuation model is used to determine the fair value less costs of disposal.

If the carrying amount of asset or cash-generating unit exceeds recoverable amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognized in profit or loss. The impairment loss of cash-generating unit is allocated based on the carrying amount of each relevant asset.

(11) Financial instruments

(a) Financial asset and financial liability - recognition and derecognition

The Group initially recognizes trade and other receivables on the date they are incurred. Other financial assets and financial liability are initially recognized on the transaction date on which they become contract parties.

The financial asset is derecognized if the contract rights to the cash flows arising from the financial asset expire, if the financial asset is transferred and substantially all the risks and rewards of ownership of the financial asset are transferred, or if control over the asset of transfer loses. Financial assets created or retained by the Group are derecognized and recognized as a separate asset or liability.

Financial liability is derecognized from contract obligations upon discharge, cancellation, or expiration. Financial asset and financial liability are offset and presented on a net basis in the consolidated statements of financial position only if they have a legally enforceable right to offset the recognized amounts and intend to settle on a net basis or to simultaneously cash the asset and settle the liability.

(b) Classification and measurement of financial asset

At initial recognition, financial assets are classified as subsequently measured at amortized cost or fair value.

Financial assets measured at fair value through profit or loss are initially measured at fair value. Financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost are initially measured at fair value plus transaction costs directly attributable to the acquisition.

The Group's classification under IFRS 9 is based on facts and circumstances, and the Group designates equity instrument as an equity instrument measured at fair value through other comprehensive income.

(i) Financial assets measured at amortized cost

Financial asset is classified as measured at amortized cost if both of the following conditions are met:

- if the objective of our business model is to hold financial asset in order to collect contractual cash flows; and
- if, by contract terms, the condition that a cash flows that is solely payment of principal and interest on the principal amount outstanding gives rise on a specified date.

(ii) Financial assets measured at fair value

If any of the above two conditions are not met, the financial asset is classified as measured at fair value. For financial assets measured at fair value, the Group decided whether to make an irrevocable designation for each financial instrument, except for the equity instrument held for trading purposes that must be measured at fair value through the profit or loss, or at fair value through other comprehensive income. For derivatives, see "(e) Derivative and hedge accounting."

Financial asset is classified into the following categories for subsequent measurement.

(i) Financial asset measured at amortized cost

They are measured amortized cost based on effective interest method and if any, impairment loss is deducted. Gains or losses arising from effective interest method or derecognition are recognized in profit or loss.

(ii) Financial asset measured at fair value

They are measured at fair value as of the reporting date. Changes in fair value are recognized in profit or loss or other comprehensive income, depending on the classification of the financial asset. Dividends income arising from the equity instrument designated as measured at fair value through other comprehensive income is recognized in profit or loss. In addition, in the event the derecognition of equity instrument designated as measured at fair value through other comprehensive income, the cumulative changes in fair value recorded in accumulated other comprehensive income are reclassified to retained earnings.

(c) Classification and measurement of financial liability

At initial recognition, financial liability is classified as financial liability that is subsequently measured at fair value through profit or loss or at amortized cost. Financial liability measured at fair value through profit or loss is initially measured at fair value, but financial liability measured at amortized cost is initially measured at the fair value less costs directly attributable to the acquisition.

Financial liability is classified into the following categories for subsequent measurement.

(i) Financial liability measured at fair value through profit or loss

They are measured at fair value as of the reporting date. Changes in fair value are recognized in profit or loss. Derivative liability is classified as the financial liability measured at fair value through profit or loss. At initial recognition, no irrevocable designation is made as a financial liability measured at fair value through profit or loss. For derivative, see "(e) Derivative and hedge accounting."

(ii) Financial liabilities measured at amortized cost

They are measurement at amortized cost based on effective interest method. Gains or losses arising from effective interest method or derecognition are recognized in profit or loss.

(d) Impairment

The Group makes expected credit loss estimates on the reporting date basis on the recoverability of financial assets measured at amortized cost. For financial instruments, whose credit risk has not increased significantly since initial recognition, an expected credit loss of 12 months is recognized as allowance for credit loss. For financial instruments, whose credit risk has increased since initial recognition, lifetime expected credit loss is recognized as allowance for credit loss. However, allowance for credit loss for trade receivables is always measured at an amount equal to the lifetime expected credit losses.

For financial assets, whose credit risk has increased significantly, if there is evidence of credit impairment, interest income is measured multiplied by effective interest rate by the net amount of carrying amount less allowance for credit loss. The indicators used by the Group in determining if objective evidence of impairment exists include the following:

- Significant financial difficulty of the issuer or the borrower.
- A breach of contract, such as a default or delinquency in the payment of interest or principal.
- Granting of concession for economic or legal reasons related to the borrower's financial difficulty that the Group would not otherwise consider.
- Increased likelihood of bankruptcy or other financial reorganization of the borrower; or
- The disappearance of an active market for that financial asset because of financial difficulty.

If the Group does not have a reasonable expectation of collecting the entire or a portion of the financial asset, the amount is deducted directly from the carrying amount of the financial asset (write-off). If the credit risk is subsequently reduced and clearly distinguishable from events that occurred after direct write-offs (e.g., improved credit ratings of the obligor), the reversal of write-offs is recognized in profit or loss.

(e) Derivative and hedge accounting

Derivative is initially recognized at the fair value of the date the derivative contract is concluded, and after initial recognition, it is remeasured at fair value on the reporting date. Recognition of gains or losses resulting from remeasurement depends on whether the derivative is designated as hedging instrument and, if specified as hedging instrument, the nature of the hedged item. The Group designates certain derivatives as hedging instruments for cash flow hedges (certain risks related to asset or liability, or highly probable forecast transaction hedges).

At the inception of the hedging relationships, the Group documents the relationships between hedging instrument and hedged item, as well as our risk management objectives and strategies for executing these hedging transactions. The Group also documents the assessment, at the hedge's inception and on an ongoing basis, of whether the derivative used in the hedge transaction is effective to offset changes in the cash flows of the hedged item.

The Group evaluates the hedge effectiveness on an ongoing basis and judges that it is effective when all of the following conditions are met “there is the economic relationship between hedged item and hedging instrument,” “the impact of credit risk is not materially superior to changes in value arising from economic relationships,” and “the hedge ratio of hedging relationships is the same as the ratio resulting from the volume of hedged item and hedging instrument actually being hedged.”

The effective portions of changes in the fair value of derivative which is designated and qualifying as a hedging instrument for cash flow hedge are recognized in other comprehensive income. Gains or losses on the ineffective portion are recognized in profit or loss immediately.

Accumulated gains or losses recognized in other comprehensive income are reclassified to profit or loss in the period in which the cash flows arising from the hedged item affects profit or loss. However, if the forecast transaction which is a hedged item results in the recognition of a non-financial asset (e.g., inventories), the gain or loss previously recognized in other comprehensive income is reclassified into the measurement of the initial cost of the related asset. Such amounts are ultimately recognized as the cost of goods sold in the case of inventories.

Hedge accounting is discontinued prospectively if the hedge relationship no longer meets the qualifying criteria due to the extinction or sale of hedging instrument. If the hedged cash flows are expected to be incurred in the future, the accumulated gains or losses recognized in other comprehensive income will continue to be recognized as an accumulated other comprehensive income. If a forecast transaction is no longer expected to occur, the cumulative gains or losses recognized in other comprehensive income is reclassified to profit or loss.

(12) Provision and contingent liabilities

Provision is measured at the present value of the best estimate of the amount that would be required to pay or transfer the obligation, taking into account probability that event occurs and its impact. The reversal of the discount by passage of time is recognized as financial expense.

(13) Employee benefits

(a) Short-term employee benefits

Short-term employee benefit is recorded as expense when the related services are rendered.

(b) Defined contribution plans

Contributions to the defined contribution plans are recognized as expenses in the period in which the employee renders the services.

(c) Defined benefit plans

The Group's net obligation related to defined benefit plans is calculated for each plan by estimating the number of future benefits earned by employees prior to the current period, discounting the amount to the present value, and deducting the fair value of plan asset.

Defined benefit plans obligations are calculated annually by actuaries using the projected unit credit method.

Remeasurement of defined benefit obligations, consisting of the actuarial gains and losses, return on plan asset (excluding interest) and impact of asset ceiling, is recognized in other comprehensive income, and immediately reclassified from accumulated other comprehensive income to retained earnings. The Group calculates net interest expense (income) for the fiscal year by multiplying the discount rate used to measurement the defined benefit plans obligation (asset) at the beginning of the fiscal year by the defined benefit plans obligation (asset) and the plan asset at the beginning of the period.

Defined benefit plans obligations at the beginning of the fiscal year take into account all changes in defined benefit plans obligations (asset) during the fiscal year due to contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

(d) Other long-term employee benefits

The Group's long-term employee benefits is calculated by discounting the estimated future benefit to its present value.

The discount rate is determined based on the market yield on AA-rated corporate bonds at the reporting date, which approximates the average remaining service period.

(14) Income taxes

Tax expenses consist of current tax and deferred tax. These are recognized in profit or loss except for items related to business combination and items recognized directly in equity or other comprehensive income.

If income taxes relate to items that are directly recognized in equity or other comprehensive income, such taxes are also recognized directly in other comprehensive income.

(a) Current tax

Current tax is the estimated amount of income tax payable or refund receivable in respect to the current taxable income or loss, adjusted for income taxes payable and refund receivable through the previous year. The amount of current tax is due to our best estimate of the amount of taxes reflecting uncertainties related to income taxes. Current tax also includes taxes arising from dividends.

(b) Deferred tax

Deferred tax is recognized for the temporary differences between the carrying amount of asset and liability in consolidated financial statements and its tax basis. Deferred tax assets and liability are recognized for the temporary differences between the carrying amount of asset and liability and their tax bases at the reporting date, the carryforward of unused tax losses and the carryforward of unused tax credits. The amounts are calculated based on the tax rates expected to apply to the period in which the asset is realized or the liability is settled.

Deferred tax is not recognized in the following cases:

・ temporary differences related to the initial recognition of asset or liability in a transaction other than business combination that does not affect either accounting or tax basis;

・ temporary differences related to investments in subsidiary, the associate and the joint arrangement, which the Group will be able to control the timing of the reversal of the temporary difference and which it is probable that the temporary differences will not reverse in the foreseeable future; or

・ taxable temporary differences arising from initial recognition of goodwill.

Deferred taxes are recognized in the following cases:

・ temporary differences arising from investments in consolidated subsidiary and associate is recognized to the extent that it is probable that it will be reversed and taxable income will be available.

Deferred tax assets are recognized as unused tax losses, unused tax credits and deductible temporary difference to the extent future taxable income is available. Future taxable income is calculated based on business plans for individual subsidiary in the Group. Deferred tax assets are reviewed at each reporting date and reduced for the portion that is no longer probable that the tax benefit will be realized. Such reductions are reversed when the likelihood of earning sufficient taxable income improves.

Unrecognized deferred tax assets are reviewed at each reporting date and recognized to the extent that they are probable to be available for future taxable income. Deferred taxes are measured using the tax rates expected to apply when the temporary differences are reversed under laws enacted or substantively enacted at the reporting date.

Deferred tax asset and liability are offset if there is a legally enforceable right to offset current tax asset against current tax liability and deferred tax assets and liability are related to income taxes levied by the same taxing business by the same taxing authority.

(15) Equity

(a) Ordinary share

Ordinary shares are classified as equity. The incremental costs directly attributable to the issuance of ordinary shares are deducted from equity, net of tax.

(b) Purchase and disposal of ordinary share (treasury share)

When the Group acquires treasury share, the consideration paid including direct transaction costs (net of tax) is recognized as a deduction of shareholders' equity under the presentation of “Treasury share.” When the Group sells treasury share, the difference between the sales price and the carrying amount is recognized as “Capital surplus.”

(16) Dividends

Dividends to the Company’s owners is recognized as a liability of the period in which it is approved by the Company’s owners.

(17) Revenue recognition

Revenue is recognized for the contract with customer under IFRS 15 excluding interest and dividends income by applying the following five steps

Step 1: Identifying contract with customer

Step 2: Identifying performance obligation in contract

Step 3: Determining the transaction price

Step 4: Allocating the transaction price to performance obligation in contract

Step 5: Recognizing revenue when (or as) performance obligation is met

The Group sells soft drinks such as carbonated beverages, coffee beverages, tea-based beverages and mineral water, and alcohol. For sales of these products, revenue is recognized primarily at the time of delivery as the customer has obtained control over the products and believes that the performance obligation is satisfied.

In addition, revenue is measured at consideration promised in the contract with customer, less discounts, rebates, returns and other items. In addition, the Company has a point system for its customers, whereby points awarded for the purchase of products can be used for future purchases of the Company's products. The Company identifies points as a performance obligation and allocates the transaction price based on the earned sales price, taking into account the expected use and execution of the points, and recognizes revenue when the points are used. The transaction price allocated to the point performance obligation is recorded as "Other current liabilities" in the consolidated statement of financial position.

(18) Stock-based compensation

We have introduced Executive reward BIP Trust and Stock-granting ESOP Trust for its directors (excluding directors who are members of the Audit and Supervisory Committee and outside directors), executive officers, and employees for the purpose of sharing the benefits and risks of stock price fluctuations with shareholders and to increase their willingness to contribute to medium- to long-term improvement in corporate value and stock price appreciation. The Company's shares held by the trust are recognized as treasury shares. The remuneration calculated under the plans is recognized as an expense and the corresponding amount is recognized as an increase in equity.

4. Critical accounting judgments, estimates and assumptions

In preparing the 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 environment. Accounting estimates are based on the most appropriate information at the time the consolidated financial statements are filed, but if any estimates in further into the future changes, the impact of the revises is recognized in the consolidated statements of profit or loss and consolidated statements of comprehensive income subsequent to the reporting period in which they are revised.

Information regarding assumptions and estimates that have a significant impact on the amounts recognized in the consolidated financial statements is as follows:

(a) Useful lives of property, plant and equipment and intangible assets

Property, plant, and equipment are depreciated over the estimated useful lives, which is the period over which the future economic benefits of the asset are expected. If property and equipment is obsolescent in the future or reused for other purposes, depreciation expense may increase, and the estimated useful life may be shorter. Details of useful life are provided in Notes 3(7) "Property, plant and equipment."

The right-of-use asset is estimated for the lease term with a non-cancellable period plus a reasonably certain period of time to exercise the option to extend or not to cancel the lease. Details of the useful life are described in note 3(9) "Leases (as a lessee)".

Intangible assets are evaluated whether the useful life is definite or indefinite, based on the analyzing of all relevant factors and predictability of the period over which such intangible asset is expected to result in cash inflows. Intangible assets with definite useful life are amortized using the estimated useful life, which is the period over which the future economic benefits are expected. Amortization expense is subject to risks that may increase as a result of changes in the estimated useful life caused by external factors, such as changes in business conditions. Details of useful life are provided
in Notes 3(8) "Intangible assets."

(b) Impairment test of non-financial assets, including property, plant and equipment, goodwill, and intangible asset

In performing impairment tests, the recoverable amount of a cash-generating unit is calculated based on its value in use. Value in use is mainly estimated by discounting the estimated cash flows to its present value. Key assumptions in estimating recoverable amounts include future cash flows, discount rates, and long-term average growth rates. Mid-term plans, which are the basis for future cash flows, are based on sales and cost plans for the relevant period. While such assumptions are based on management's best estimates and judgments, these assumptions may also be affected by changes in economic conditions that have a significant impact on future consolidated financial statements. Details of cash-generating unit's and recoverable amount's decisions are provided in Notes 3 (10) "Impairments of property, plant and equipment, intangible asset, goodwill and lease asset" and Notes 11 "Impairment of non-financial assets."

(c) Provision

In the consolidated statements of financial position, the Group recognizes mainly provision on asset retirement obligations and environmental measures provision. Provision is measured based on the best estimate of the expenditures required to settle the obligation. Expenditures required to settle obligations are calculated by considering all factors affecting future results but may be affected by unforeseeable events and changes in the environment assumed.

The accounting policies and reported amounts of provision are described in Notes 3(12) "Provision and contingent liabilities" and Notes 14 "Provisions," respectively.

(d) Recoverability of deferred tax assets

At recognition of deferred tax assets, the Group estimates the timing and amount of future taxable income based on the Group's mid-term plans. Estimates of future taxable income are based on mid-term plans. The main assumptions are the sales plan and cost plan for the period. In assessing the recoverability of deferred tax assets, the Company considers the expected reversal of deferred tax liabilities, projected future taxable income, and tax planning including assets sales etc. While such assumptions are based on management's best estimates and judgments, these assumptions may also be affected by changes in economic conditions that have a significant impact on future consolidated financial statements

Further information regarding the recoverability of deferred tax assets is provided in Notes 3(14), “Income taxes” and Notes 27, “Income taxes.”

(e) Measurement of defined benefit plans obligation

The Groups adopts a variety of retirement benefit plans, including defined benefit plans. The present value and service cost of defined benefit obligations for all plans are based on actuarial projections. Actuarial projections require estimates and judgments related to variable factors such as discount rates, rates of salary increase and inflation. The Group is advised by external actuaries as to the adequacy of actuarial projections, including these variable factors. While actuarial projections are determined based on management's best estimates and judgments, they may be affected by changes in uncertain future economic conditions and the establishment and revise of related laws and regulations that could have a material effect on future consolidated financial statements.

Further information on the actuarial projections for the measurement of defined benefit obligations is provided in Notes 17 “Post-employment benefits”.

(f) Measurement of financial instrument without quoted prices in active market

The Group applies valuation techniques that use unobservable inputs in the market to evaluate the fair value of financial instruments without quoted prices in an active market. Unobservable inputs may be impacted by uncertain future changes in economic conditions that could have a material impact on future consolidated financial statements.

Details related to the assessment of financial assets are provided in Notes 30, “Financial instruments (7) Fair value of financial instruments.”

5. Business segments Information

(1) Reportable segments

Operating segments are defined as the components of the Group for which separate financial information is available that is evaluated regularly by the chief operating decision maker in making resource allocation decisions and in assessing performance.

The Group has a single segment as "Beverage Business."

Reportable segment	Principal Products and Services
Beverage business	Purchase, manufacture, sale, bottling, packaging, distribution, and marketing of carbonated beverages such as Coca-Cola, coffee and black-tea beverages, mineral water, alcohol, etc., vending machine-related business in Japan

The Board of Directors evaluates the performance of its segments in comparison to its peers based on operating profit reported in accordance with generally accepted accounting standards (IFRS). The accounting methods used for operating segment reported are the same as those described in Notes 3 "Materials accounting policies."

(2) Information for each product and service

This information is omitted because the same information is disclosed in "(1) Reportable Segments."

(3) Information for each region

Sales revenue by geographic region is omitted because the revenue of domestic sales to external customer accounts for the majority of sales revenue in the consolidated statements of income.

Since the carrying amount of non-current assets in Japan accounts for the majority of non-current assets in the consolidated statement of financial position, the description of non-current assets by region is omitted.

(4) Major customer

There is no customer to which sales exceed 10% of the Group's total revenue.

6. Cash and cash equivalents

The breakdown of cash and cash equivalents for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Cash and demand deposits	84,074	113,660
Total	84,074	113,660

The balance of “cash and cash equivalents” in the consolidated statements of financial position for the previous fiscal year and the current fiscal year coincides with the balance of “Cash and cash equivalents” in the consolidated statements of cash flows.

7. Trade and other receivables

Trade and other receivables for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Accounts and Notes receivable	77,105	79,994
Accounts receivable - other	26,382	40,225
Allowance for credit losses	(141)	(151)
Total	103,346	120,069

8. Inventories

The breakdown of inventories for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Raw material	3,977	5,104
Work in progress	18	3
Merchandise and finished products	61,187	59,254
Supplies	5,869	7,291
Total	71,051	71,651

The amount of inventory recorded in “Cost of goods sold” for the previous fiscal year and the current fiscal year was 455,662 million yen and 484,353 million yen, respectively. Of this amount, the amount of write-down of inventory assets in the previous fiscal year and the current fiscal year was 234 million yen and 250 million yen, respectively.

9. Property, Plant and Equipment and Right-of-use assets

Changes in the cost, accumulated depreciation, and accumulated impairment losses and the carrying amount of property, plant and equipment for the previous fiscal year and the current fiscal year are as follows:

Acquisition cost

(Millions of yen)

	Property, Plant and Equipment					Total	Right-of-use assets
	Buildings and structures	Machinery and vehicles	Vending machine	Land	Construction in progress		
Balance on January 1, 2022	176,989	233,940	237,182	144,370	9,436	801,916	41,543
Acquisition	3,777	7,030	16,548	－	4,527	31,883	6,869
Disposal and sale	(4,251)	(3,328)	(7,740)	(3,174)	－	(18,493)	(10,503)
Transfer from construction in progress	2,925	5,146	－	－	(8,071)	－	－
Other	331	689	(290)	(341)	(469)	(80)	2,184
Balance on December 31, 2022	179,771	243,478	245,700	140,854	5,423	815,226	40,093
Acquisition	1,993	6,083	13,752	56	788	22,671	8,529
Disposal and sale	(1,084)	(5,132)	(10,798)	(6,212)	(9)	(23,234)	(2,974)
Transfer from construction in progress	1,364	3,418	－	－	(4,782)	－	－
Other	4	(35)	6	－	(490)	(514)	0
Balance on December 31, 2023	182,049	247,811	248,660	134,699	930	814,149	45,648

Accumulated depreciation and impairment losses

(Millions of yen)

	Property, Plant and Equipment					Total	Right-of-use assets
	Buildings and structures	Machinery and vehicles	Vending machine	Land	Construction in progress		
Balance on January 1, 2022	(87,021)	(128,504)	(149,490)	(1,907)	－	(366,922)	(16,398)
Depreciation	(7,077)	(15,390)	(14,355)	－	－	(36,822)	(5,502)
Impairment losses	(1)	－	－	(20)	－	(20)	－
Disposal and sale	3,718	3,151	7,098	89	－	14,057	8,335
Other	(245)	(597)	285	48	－	(509)	(4,686)
Balance on December 31, 2022	(90,626)	(141,341)	(156,462)	(1,789)	－	(390,217)	(18,252)
Depreciation	(6,920)	(15,145)	(15,693)	－	－	(37,758)	(5,196)
Impairment losses	(91)	－	－	(197)	－	(288)	－
Disposal and sale	886	4,765	10,074	79	－	15,804	1,679
Other	(27)	6	－	20	－	(1)	15
Balance on December 31, 2023	(96,778)	(151,715)	(162,081)	(1,887)	－	(412,462)	(21,754)

Note) Other are transfers of subjects, etc.

Carrying amount

(Millions of yen)

	Property, Plant and Equipment						
	Buildings and structures	Machinery and vehicles	Vending machine	Land	Construction in progress	Total	Right-of-use assets
December 31, 2022	89,146	102,136	89,239	139,065	5,423	425,009	21,841
December 31, 2023	85,271	96,096	86,579	132,811	930	401,687	23,894

Depreciation of property, plant and equipment is included in "Cost of goods sold" and "Selling, general and administrative expenses" in the consolidated statements of profit or loss.

10. Goodwill and intangible asset

Changes in the cost, accumulated amortization and accumulated impairment losses and carrying amounts of goodwill and intangible asset for the previous fiscal year and the current fiscal year are as follows:

Acquisition cost

(Millions of yen)

	Goodwill	Intangible assets with indefinite useful lives	Intangible assets with finite useful lives		Intangible asset totals
		Contract related intangible asset	Software	Oher	
Balance on January 1, 2022	61,859	52,050	24,905	368	77,323
Acquisition	－	－	3,788	－	3,788
Disposal and sale	－	－	(1,317)	(1)	(1,318)
Other	－	－	(48)	0	(48)
Balance on December 31, 2022	61,859	52,050	27,327	367	79,745
Acquisition	－	－	2,467	－	2,467
Disposal and sale	－	－	(2,454)	－	(2,454)
Other	－	－	(187)	－	(187)
Balance on December 31, 2023	61,859	52,050	27,154	367	79,571

Accumulated amortization and impairment losses

(Millions of yen)

	Goodwill	Intangible assets with indefinite useful lives	Intangible assets with finite useful lives		Intangible asset totals
		Contract related intangible asset	Software	Other	
Balance on January 1, 2022	(61,859)	—	(10,916)	(188)	(11,104)
Depreciation	—	—	(3,394)	(68)	(3,461)
Impairment losses	—	—	—	—	—
Disposal and sale	—	—	700	1	701
Other	—	—	(15)	(1)	(16)
Balance on December 31, 2022	(61,859)	—	(13,624)	(256)	(13,880)
Depreciation	—	—	(3,440)	(65)	(3,505)
Impairment losses	—	—	—	—	—
Disposal and sale	—	—	1,633	—	1,633
Other	—	—	(1)	1	—
Balance on December 31, 2023	(61,859)	—	(15,431)	(320)	(15,752)

Carrying amount

(Millions of yen)

	Goodwill	Intangible assets with indefinite useful lives	Intangible assets with finite useful lives		Intangible asset totals
		Contract related intangible asset	Software	Other	
December 31, 2022	—	52,050	13,703	112	65,865
December 31, 2023	—	52,050	11,722	47	63,819

Software at the end of the previous fiscal year and the end of the current fiscal year includes internally generated intangible assets of 431 million yen and 345 million yen, respectively.

Amortization of intangible assets is included in "Cost of goods sold" and "Selling, general and administrative expenses" in the consolidated statements of profit or loss.

Individually significant goodwill was mainly due to the business integration with Coca-Cola East Japan Co., Ltd., and the resulting consolidation of associates as consolidated subsidiaries in the 2017 but an impairment loss was recognized in previous fiscal year.

Details of the contract related intangible assets are included in Note 3 (8) "Intangible assets".

11. Impairment of non-financial assets

(1) Impairment losses

The impairment losses recognized for the previous fiscal year and the current fiscal year by the Group were as follows:

The impairment losses are recorded in “Other expense” in the consolidated statements of profit or loss.

(Millions of yen)

	For the year ended December 31, 2022	For the year ended December 31, 2023
Property, plant, and equipment		
Buildings and structures	1	91
Land	20	197
Total	20	288

We group business assets into a unit of each business as defined under the management accounting system to continuously keep track of incomes and expenditures of such business assets. As to the lease assets and idle assets, we determine their potential impairment by grouping individual assets as a minimum unit.

In the previous consolidated fiscal year and current consolidated fiscal year, we reduced the book value of buildings, structures, and land of idle assets, whose prices are decreasing, to the recoverable amounts and recorded such decrease as the impairment losses.

The recoverable amount of idle assets, including buildings, structures, and land, is measured at fair value less costs of disposal. The recoverable amounts of the idle assets are calculated based on the real estate appraisals, etc. The fair value hierarchy is classified as Level 3. Among such idle assets, the recoverable amount of machinery, equipment and vehicles and Right-of-use assets is measured by value in use, and the value is set at zero.

(2) Impairment testing of a cash-generating unit or cash-generating unit group, including intangible assets with indefinite useful lives

Intangible asset (contract related intangible asset) with indefinite useful lives is allocated to cash-generating unit or cash-generating unit group for which synergies are expected. Amounts of intangible asset with indefinite useful lives allocated to cash-generating unit or cash-generating unit group for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Reportable segments	Cash-generating unit or cash-generating unit group	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Intangible assets with indefinite useful lives (Contract related intangible asset)	Beverage business	Beverage	52,050	52,050
	Total		52,050	52,050

The cash-generating units or groups of cash-generating units to which goodwill or intangible assets are allocated shall be tested for impairment annually, and in addition, if there are events or changes in circumstances that indicate a potential impairment which no impairment losses were recognized in the previous or current fiscal years. The recoverable amount of cash-generating unit or cash-generating unit group to which goodwill and intangible assets with indefinite useful life has been allocated in calculated based on its value in use. Value in use is calculated by discounting future cash flows to present value. Value in use is calculated by applying the appropriate discount rate to those future cash flows to the present value. Future cash flows are calculated using the medium-term plan, budget and, for periods after those indicated in the plan, the going value, which takes into account the long-term average growth rate of the market.

When assets are grouped for recoverability assessments, they are used to estimate recoverable amounts, including future cash flows, discount rates, and long-term average growth rates. However, the medium-term plan, which is the basis for future cash flows is based on sales and cost plans etc. For the relevant period which with regard to the estimation of future cash flows.

The amount which is based on these assumptions reflects management's assessment of future trends in the relevant industries and is based on historical data from both external and internal information.

The discount rate before-tax and growth rates used to calculate the value in use of the cash-generating unit or group of cash-generating units to which the goodwill and intangible assets were allocated at the end of the previous fiscal year and at the end of the current fiscal year are as follows:

Cash-generating unit or cash-generating unit group	Previous fiscal year (As of December 31, 2022)		Current fiscal year (As of December 31, 2023)	
	Discount rate	Growth rate	Discount rate	Growth rate
Beverage	6.0%	0.4%	6.0%	0.4%

(Note) 1. The discount rate was the pre-tax discount rate, which is adjusted for the risk premium reflecting the increased risk of investing in equity and the market-related risk of the specific cash-generating unit, based on the rate of 10-year government bonds issued by the Japanese government in the same currency-denominated market as the cash flows (Japanese yen).

2. The Group estimates the cash flows by using growth rates expected from the market and our businesses. The growth rate was determined based on the long-term average growth rates of the markets consistent with the assumptions assumed to be used by the market participants.

(3) Sensitivity analysis

The following table shows the values where each of the key assumptions has been independently replaced to match the recoverable amount to the book value.

For Beverage, the recoverable amount exceeded the book value of 149,269 million yet in the current fiscal year. However, if the discount rate is greater than 7.4 % or the growth rate is less than (1.4) %, an impairment loss may occur.

Cash-generating unit or cash-generating unit groups	Previous fiscal year (As of December 31, 2022)		Current fiscal year (As of December 31, 2023)	
	Discount rate	Growth rate	Discount rate	Growth rate
Beverage	7.2%	(1.1) %	7.4%	(1.4)%

12. Other current assets and other non-current assets

Other current assets and other non-current assets for the previous fiscal year and the current fiscal year are as follows

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Current		
Prepaid expense	6,835	7,070
Income tax receivable	1,940	—
Consumption tax receivable	3,989	947
Other	345	271
Total	13,108	8,288
Non-current		
Long-term prepaid expenses	4,622	4,196
Other	487	50
Total	5,110	4,245

13. Trade and other payables

Trade and other payables for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Trade payables	37,541	41,523
Accounts payable - other	66,799	70,335
Accrued expenses	3,915	4,754
Total	108,254	116,612

14. Provisions

Changes in provision for the current fiscal year were as follows:

(Millions of yen)

	Asset retirement obligations	Environmental measures provision	Total
Balance on December 31, 2022	1,743	17	1,761
Provision	43	2	45
Decrease during the fiscal year (intended use)	(3)	(2)	(5)
Reversal	(19)	－	(19)
Increase due to passage of time and change in discount rate	4	－	4
Other	(5)	－	(5)
Balance on December 31, 2023	1,763	17	1,781
Current	－	－	－
Non-current	1,763	17	1,781
Total	1,763	17	1,781

Asset retirement obligations

Asset retirement obligations are recognized based primarily on the estimated future expenditures calculated by using historical experience in cases where the Group has legal obligations in laws or contracts related to remove the fixed assets for normal use, such as obligations of removal hazardous materials for construction facilities and offices used by the Group or restoration of the original condition associated with the leased contract. These expenses are expected to be paid in the future, but the amount paid may change due to future business plans and other factors.

Environmental measures provision

In order to prepare for expenditures related to the disposal of industrial wastes, the estimated amount of expenditure is recognized as environmental measures provisions. These expenses are expected to be paid in the future, but the amount paid may change due to future business plans and other factors.

15. Bonds and loans payable

Bonds and loans payable for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)	Average interest rate (%)	Maturity
Current				
Current portion of bonds	—	39,979	0.10	-
Current portion of long-term loans payable	1,000	1,000	0.15	-
Short-term loans payable	—	—		
Subtotal	1,000	40,979		
Non-current				
Bond	149,701	109,802	0.23	2026 to 2029
Long-term loans payable	6,000	5,000	0.15	2025 to 2026
Subtotal	155,701	114,802		
Total	156,701	155,781		

The average interest rate is the weighted average interest rate to the balance as of the current fiscal year, and maturity is the maturity of the balance as of the current fiscal year. The principal terms of the issuance of the debentures were as follows:

(Millions of yen)

Name	Name of bond	Date of issue	Issue amount	Carrying amount		Interest rate (%)	Collateral	The due date for redemption
				Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)			
The Company	1st unsecured bond	Sep 19, 2019	40,000	39,950	39,979 (39,979)	0.10	None	Sep 19, 2024
The Company	2nd unsecured bond	Sep 19, 2019	60,000	59,888	59,918	0.20	None	Sep 18, 2026
The Company	3rd unsecured bond	Sep 19, 2019	50,000	49,863	49,884	0.27	None	Sep 19, 2029
	Total			149,701	149,781			

(Note) 1. The amount in parentheses is the redemption amount due within one year.

2. All interest rates are fixed rates.

16. Leases

The Group mainly rents offices and other facilities in the beverage business, and leases buildings and structures related to it. The contract term for the lease is mainly 15 years. There are no special restrictions on lease contracts (such as restrictions on dividends, additional borrowings, and additional leases).

The breakdown of profits and losses related to leases for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Depreciation of Right-of-use assets		
Buildings and structures	5,502	5,196
Total	5,502	5,196
Interest expense on lease liabilities	238	245
Total cash outflows related to leases	(5,974)	(5,418)

The breakdown of the books of Right-of-use assets for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Right-of-use assets		
Buildings and structures	21,219	23,324
Land	622	570
Total	21,841	23,894

The increase in Right-of-use assets for the end of the previous fiscal year and the end of the current fiscal year was 6,869 million yen and 8,529 million yen

17. Retirement benefits

Regarding retirement benefit plans for employees of the Group, some subsidiaries are to adopt defined contribution pension plans and defined benefit pension plans, which calculate the number of contributions and benefits based on their position, years of services and other factors. However, as of April 1, 2019, the beverage business was unified into a defined contribution pension plan and a lump-sum retirement plan, and the conventional defined benefit plan was frozen. The frozen defined benefit pension liability is calculated based on the retirement benefits determined at the time of the freeze and is recognized as a defined benefit obligation until the employee is paid a pension or lump-sum payment upon future retirement.

(1) Defined benefit plans

(a) Increase (decrease) in present value of a defined benefit obligation

Changes in present value of a defined benefit obligation for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Balance at the beginning of the year	118,007	103,370
Service expense	3,456	2,890
Interest expense	1,067	2,021
Remeasurement:		
Actuarial gains arising from changes in demographic assumptions	—	—
Actuarial gains arising from changes in financial assumptions	(11,779)	378
Experience adjustment	(132)	16
Benefit payments	(7,250)	(7,490)
Balance at the end of the year	103,370	101,185

The weighted-average lives of defined benefit plans obligations at the end of the previous fiscal year and the end of the current fiscal year were 10.0 years and 10.0 years, respectively.

(b) Changes in fair value of plan asset

Changes in the fair value of plan asset for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Balance at the beginning of the year	106,183	92,198
Interest revenue	932	1,746
Remeasurement:		
Return on plan asset	(8,770)	5,376
Contributions by employer	92	—
Benefit payments	(6,239)	(6,284)
Balance at the end of the year	92,198	93,036

(c) Change in adjustment due to asset ceiling

Changes in adjustments due to asset ceiling for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Balance at the beginning of the year	5,781	6,644
Remeasurement:		
Effect of limiting the amount of net plan assets to the amount of asset ceiling	811	4,933
Interest revenue	52	130
Balance at the end of the year	6,644	11,706

Adjustments due to asset ceiling are adjustments that made due to a partial limitation on the amount recorded as asset, although the amounts which the plan asset exceeds present value of a defined benefit obligation under "Employee Benefits" (IAS 19) are recognized as "Defined benefit asset".

(d) Adjustments of defined benefit plans Obligations and Plan asset

The relationships between defined benefit plans obligations and plan asset and net defined benefit liability and asset recorded in the consolidated statements of financial position for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Defined benefit plans obligations (funded)	85,554	81,329
Plan assets	92,198	93,036
Net deficit of funded defined benefit plans	(6,644)	(11,706)
Adjustments due to asset ceiling	6,644	11,706
Subtotal	—	—
Defined benefit plans obligations (unfunded)	17,817	19,856
Total	17,817	19,856
Net defined benefit liabilities	17,817	19,856
Net defined benefit assets	—	—
Net defined benefit liabilities recognized in the consolidated statements of financial position	17,817	19,856

(e) Major items of plan asset

The plan assets of the Group's retirement benefit plans include marketable equity securities and receivables and are exposed to share price and interest rate and foreign exchange risks. The investment of plan asset management aims to maximize the value of the plan assets over the medium-to-long term in order to ensure that defined benefit plans beneficiaries receive future benefits within acceptable risks. The plan asset diversifies its investments into a variety of domestic and international equities and bonds based on asset allocation targets to reduce risks. With regard to asset allocation, the Group has set medium-to-long term allocation targets based on forecasts of returns, long-term risks, and past performance. The asset allocation targets are reviewed as appropriate in the event of a significant change in the operational environment of the plan asset.

The major categories of plan asset for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)			Current fiscal year (As of December 31, 2023)		
	With quoted prices in active market	Without quoted price in active market	Total	With quoted prices in active market	Without quoted in active market	Total
Equity instrument						
Domestic securities	－	6,387	6,387	－	6,612	6,612
Foreign securities	－	15,111	15,111	－	16,335	16,335
Debt instrument						
Domestic bonds	－	4,642	4,642	－	3,512	3,512
Foreign bonds	－	17,893	17,893	－	17,915	17,915
General account	－	27,798	27,798	－	27,989	27,989
Alternative	－	20,135	20,135	－	20,419	20,419
Other	0	232	232	127	127	253
Total	0	92,198	92,198	127	92,909	93,036

The majority of plan assets are managed through commingled funds. Commingled funds are pool of assets that are gathered to benefit from professional management and economies of scale. Investors have interest in the funds and measure the fair value of its interests based on the net asset value of the investments provided by the fund administrators. The plan assets managed by the funds are invested in marketable securities, such as domestic or foreign shares and debts in active markets. Alternatives include investments in funds of funds, etc.

There is no estimated amount of contribution to the plan assets in the next consolidated fiscal year because the plan assets exceed the minimum required reserve amount.

(f) Significant actuarial assumptions

Significant actuarial assumptions for the previous fiscal year and the current fiscal year are as follows:

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Discount rate	1.96%	1.92%
Rate of salary increase	2.00%	2.00%

(g) Sensitivity analysis

The following table presents the monetary impact of changes in significant actuarial assumptions on defined benefit plans obligations for the previous fiscal year and the current fiscal year.

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)		Current fiscal year (As of December 31, 2023)	
	Increasing	Reduction	Increasing	Reduction
Discount rate				
0.25% decrease	2,606	—	2,478	—
0.25% increase	—	2,502	—	2,381
Rate of salary increase				
0.5% decrease	—	180	—	200
0.5% increase	192	—	214	—

The sensitivity analysis in the table above assumes that all actuarial assumptions other than the assumptions under which the analysis was performed remain constant. This sensitivity analysis represents the changes in the defined benefit obligation as of the end of the previous fiscal year and the end of the current fiscal year and is the result of changes in actuarial assumptions that we believe are reasonable. This analysis is based on provisional calculations and actual results may differ from the analysis.

(2) Defined contribution plans

Expenses for the defined contribution plans of the Group for the previous fiscal year and current fiscal years were 10,112 million yen and 10,004 million yen, respectively.

18. Other current liabilities and other non-current liabilities

Other current liabilities and other non-current liabilities for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Current		
Deposit received	4,345	4,241
Accrued paid leave	4,996	5,073
Consumption tax payable	1,458	1,395
Accrued bonuses	7,626	14,876
Other	1,914	3,712
Total	20,339	29,297
Non-current		
Long-term deposits received	976	1,054
Other long-term employee benefits obligations	1,760	1,893
Other	411	862
Total	3,147	3,809

19. Equity

(1) Capital share

Changes in the number of shares authorized and outstanding for the previous fiscal year and the current fiscal year are as follows:

(Thousands of shares)

	Previous fiscal year (From January 1, 2022 to December 31, 2022	Current fiscal year (From January 1, 2023 to December 31, 2023
Number of shares authorized		
Ordinary share with no-par value	500,000	500,000
Number of issued shares (ordinary share)		
Outstanding at the beginning of the fiscal year	206,269	206,269
Increase during the fiscal year	—	—
Decrease during the fiscal year	—	—
Outstanding at the end of the fiscal year	206,269	206,269

(2) Capital surplus

Capital surplus represents surplus that is derived from capital transactions and includes capital legal reserve which is not designated as stated capital. Under the Companies Act of Japan (“the Companies Act”), at least one-half of the issue price of shares is required to be accounted for as capital share, and the remainder of the paid-in capital is accounted for as capital surplus. The Companies Act also permits companies to transfer a portion of capital surplus to the capital share by resolution of the shareholders’ meeting.

(3) Retained earnings

Retained earnings consist of legal reserve and other retained earnings. The Companies Act stipulates that one-tenth of the amount of surplus reduced by the dividends of surplus shall be set aside as capital legal reserve or earned legal reserve until the sum of capital legal reserve and earned legal reserve equals one-fourth of the amount of stated capital. The earned legal reserve may be used to reduce or eliminate a deficit by resolution of the shareholders meeting.

(4) Treasury share

Changes in treasury share for the previous fiscal year and the current fiscal year are as follows:

(Thousands of shares)

	Previous fiscal year (From January 1, 2022 to December 31, 2022	Current fiscal year (From January 1, 2023 to December 31, 2023
Number of treasury share		
Outstanding at the beginning of the fiscal year	26,925	26,928
Increase during the fiscal year	4	3
Decrease during the fiscal year	(0)	(98)
Outstanding at the end of the fiscal year	26,928	26,834

(Note)
1. The beginning balance of the previous consolidated fiscal year and the current consolidated fiscal year, and the ending balance of the previous consolidated fiscal year does not include Executive reward BIP Trust and Stock-granting ESOP Trust.
2. The ending balance of the current consolidated fiscal year include 1,261 thousand shares of Executive reward BIP Trust, and 1,789 thousand shares of Stock-granting ESOP Trust.
3. The increase in the previous consolidated fiscal year and the current consolidated fiscal year are due to the acquisition of shares less than one unit.
4. The decrease in the previous consolidated fiscal year is due to the additional purchase of shares less than one unit, and the decrease in the current consolidated fiscal year is mainly due to disposal of treasury shares.

(5) Accumulated other comprehensive income

Changes in accumulated other comprehensive income for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Remeasurement of defined benefit plans	Net changes in financial assets measured at fair value through other comprehensive income	Cash flow hedges	Share of other comprehensive income of equity method investees	Total
Balance on January 1, 2022 (After Restatement)	－	1,499	1,145	－	2,644
Amount arising during the year	1,523	292	1,250	－	3,065
Changes in owners' interest in subsidiaries	(1,523)	(451)	－	－	(1,974)
Reclassification from accumulated other comprehensive income to retained earnings	－	－	(2,558)	－	(2,558)
Balance on December 31, 2022	－	1,341	(163)	－	1,177
Amount arising during the year	33	893	(587)	－	338
Reclassification from accumulated other comprehensive income to retained earnings	(33)	(1,219)	－	－	(1,252)
Reclassification from accumulated other comprehensive income to non-financial asset	－	－	(41)	－	(41)
Balance on December 31, 2023	－	1,015	(792)	－	223

All amounts above are net of taxes.

20. Stock-based compensation

The Group has introduced a performance-linked share-based incentive compensation system for the Company’s directors (excluding members of the Audit and Supervisory Committee and outside directors) and the executive officers of the Company and its subsidiaries (“directors”) since the current fiscal year.

1. Performance-linked share-based incentive compensation system (“LTI”)

(1) Outline of the LTI

The Company's Common shares (“the Company's share”) and cash will be paid under the performance-linked share compensation plans consisting of the Performance Share Unit (“PSU”) plan and the Restricted Share Unit (“RSU”) plan for the evaluation periods of January 1, 2021 to December 31, 2023, January 1, 2022 to December 31, 2024, and January 1, 2023 to December 31, 2025. The purpose of LTI is to share the benefits and risks of share price fluctuations with shareholders and to motivate the Target Company's employees more than ever to contribute to the enhancement of the Company's corporate value over the medium to long term and to the increase in the Company's share price.

(2) Vesting conditions

(PSU)

・The number of shares to be issued shall be determined within the range of 0% to 150% of the basic PSU amount depending on the achievement of performance targets (only considering companywide performance) over the three years after the share units have been granted (half of the shares to be issued shall be paid in cash for the purpose of allocating funds for the payment of tax obligations).

・To provide motivation to enhance corporate value over the mid to long term, consolidated ROE and consolidated sales growth rate have been adopted as measures for evaluating performance, based on the Company’s policy regarding the determination of compensation for Executive Directors and Executive Officers, etc.

(RSU)

・Provided for the purpose of aligning interests with shareholders, creating incentives to increase corporate value, and strengthening retention of talented people.

・A predetermined number of shares are issued at retirement (half of the shares to be issued shall be paid in cash for the purpose of allocating funds for the payment of tax obligations).

(3) Fair value and fair value measurement methods

The fair value on the grant date of this plan for the previous consolidated fiscal year and the current consolidated fiscal year were as follows:

(yen)

	Previous fiscal year (As of December 31, 2022)		Current fiscal year (As of December 31, 2023)	
PSU		1,317		1,237
RSU		1,317		1,237
	(Note) 1	1,318	(Note) 1	1,278
	(Note) 2	1,420	(Note) 2	1,237

(Note) 1. Fair value for RSU covering employees.
2. Fair value related to special RSU

2. Share compensation Expenses

For the previous and current fiscal year, expenses of share-based payment included in “Selling, general and administrative expenses” in the consolidated statements of profit or loss are 482 million yen and 572 million yen.

21. Dividends

Dividends payments for the previous fiscal year and the current fiscal year are as follows:

For the year ended December 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
August 10, 2022 Board of Directors	Ordinary share	4,484	25	June 30, 2022	September 1, 2022

For the year ended December 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
August 9, 2023 Board of Directors	Ordinary share	4,562	25	June 30, 2023	September 1, 2023

Note: The total amount on August 9, 2023, Board of Directors dividends includes 79 million yen for the Company's shares held by the Executive reward BIP Trust and Stock-granting ESOP Trust.

Among the dividends whose record date belongs to the current fiscal year, those whose effective date falls in the following fiscal year are as follows:

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividends resources	Dividends per share (Yen)	Dividend record date	Effective date
March 26, 2024 Ordinary General Meeting of Shareholders	Ordinary share	4,562	Retained earnings	25	December 31, 2023	March 28, 2024

Note: The total amount of dividends includes 76 million yen for the Company's shares held by the Executive reward BIP Trust and Stock-granting ESOP Trust.

22. Revenue Decomposition

(1) Revenue

The Group's organizational structure is based on Beverage segments. These two businesses are components for which discrete financial information is available, and whose operating results are regularly reviewed by the entity’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Therefore, the revenue in these two businesses is presented as “Revenue” in the consolidated financial statement of profit or loss. 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 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)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Revenue		
Other revenue arising from customers and contracts		
Beverage	807,402	868,560
Other	29	20
Total	807,430	868,581

(2) Contract balances

The Group’s contract balance for the previous fiscal year and the current fiscal year are as follows.

(Millions of yen)

	Previous fiscal year (December 31, 2022)	Current fiscal year (December 31, 2023)
Receivables arising from contracts with customers		
Accounts and Notes receivable	77,105	79,994
Total	77,105	79,994
Contract liabilities (Other current liabilities)	1,147	1,135

Note Contract liabilities are due to the point system. Points expected to be exercised by customers in the future are recognized as a performance obligation and recorded as a contract liability and are recognized as revenue when the points are used. The amount of revenue recognized for current fiscal year, which was included in the contract liability balance at the beginning of the period was 1,147 million yen. The amount of revenue recognized from performance obligations satisfied in prior periods was not material for current fiscal year.

(3) Transaction price allocated to the remaining performance obligation

Information regarding the remaining performance obligation is omitted as there are no significant transactions in which the estimated individual contract periods exceed one year in the Group. In addition, there are no significant amounts of consideration arising from contracts with customers that are not included in the transaction price.

(4) Assets recognized from the costs of obtaining or performing contracts with customers

The contracts with customer do not include any material financial elements.

23. Selling, general, and administrative expenses

Selling, general and administrative expenses comprise for the previous fiscal year and the current fiscal year the following

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Depreciation	27,752	28,766
Amortization	3,391	3,409
Sales commissions and promotional expenses	108,910	110,673
Employee benefits expenses	103,977	109,344
Shipping and commissions	76,035	77,608
Maintenance fee	15,331	16,411
Other	29,898	34,810
Total	365,295	381,022

24. Employee benefits expenses

Employee benefits expenses for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)		Current fiscal year (From January 1, 2023 to December 31, 2023)	
	Cost of goods sold	Selling, general and administrative expenses	Cost of goods sold	Selling, general and administrative expenses
Salaries and wages	9,719	65,316	9,805	65,785
Welfare and legal welfare expenses	1,120	8,175	1,252	8,553
Bonus	2,240	18,134	3,018	23,096
Retirement benefit costs	1,576	12,351	1,576	11,909
Total	14,656	103,977	15,652	109,344

25. Other income and other expense

Other income and other expense for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Other income		
Gains on sales of property, plant, and equipment (Note 1)	4,587	4,425
Rent income	276	203
Government subsidies (Note 2)	3,729	—
Other	720	528
Total	9,312	5,156
Other expense		
Impairment losses	20	288
Losses on sales and disposals of property, plant, and equipment	2,564	1,825
Transformation-related expenses (Note 3)	1,298	2,491
Special retirement allowance (Note 4)	1,104	52
Temporary paid leave expenses (Note 5)	2,168	—
Other	179	246
Total	7,332	4,902

(Note)

1. Gains on sales of property, plant, and equipment represent gains on sales of land and other assets for 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 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 previous fiscal year and current fiscal year.
4. Special retirement allowances are allowances for special retirements and outplacement support expenses incurred in the implementation of early retirement for 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 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.

26. Financial income and financial expense

Financial income and finance expense for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Financial income		
Interest income		
Financial assets measured at amortized cost	0	0
Dividends income		
Financial assets measured at fair value through other comprehensive income	237	178
Foreign exchange profits	—	322
Other	27	35
Total	264	535
Finance expense		
Interest expenses		
Financial liabilities measured at amortized cost.	750	660
Foreign exchange losses	468	—
Other	25	93
Total	1,242	753

27. Income taxes

(1) Deferred tax assets and deferred tax liabilities

The breakdown of major causes of deferred tax assets and deferred tax liabilities in the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	The consolidated statement of financial position		Consolidated statement of profit or loss	
	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)	Previous fiscal year (From January 1, 2022 to December 31, 2022	Current fiscal year (From January 1, 2023 to December 31, 2023
Deferred tax assets				
Property, plant and equipment and intangible asset	4,709	6,795	(537)	2,086
Lease	6,418	7,308	(744)	890
Financial assets	1,126	1,314	(288)	40
Employee benefits	12,001	15,431	2,814	3,447
Inventories	1,530	1,186	(654)	(344)
Carryforwards of unused tax losses	19,422	17,004	5,529	(2,418)
Other	2,324	2,546	(1,318)	222
Subtotal	47,529	51,584	4,802	3,924
Deferred tax liabilities				
Property, plant and equipment and intangible asset	(33,788)	(32,939)	531	849
Lease	(6,217)	(7,063)	766	(846)
Financial assets	(2,612)	(1,751)	541	154
Other	(1,487)	(1,365)	443	122
Subtotal	(44,105)	(43,119)	2,280	279
Total deferred tax expense	—	—	7,082	4,203
Total deferred taxes	3,424	8,465		

The Group evaluates the recoverability of deferred tax assets by considering the possibility that some or all of deductible temporary differences or carryforwards of unused tax losses will be available to future taxable income. Based on historical trends in taxable income and projected future taxable income for the periods in which deferred tax assets are recognized, the Group believes that it is more likely than not that the tax benefits of these deferred tax assets will be realized at the end of the previous and current fiscal years.

In Company incurred special retirement previous and current fiscal years, then benefits and the effects of the new coronavirus infection. The Company has incurred a loss carried forward for tax purposes. The loss carried forward for tax purposes mainly resulted from a consolidated subsidiary, Coca-Cola Bottlers Japan Inc., which is a consolidated subsidiary of the Company. Deferred tax assets of 16,874 million yen were recognized for the tax loss carryforwards. Note 4 "Critical Accounting Judgments, Estimates, and as described in Assumptions and Liabilities", in recognizing deferred tax assets, the Group has recognized deferred tax assets based on the medium-term plan. The timing and amount of the accrual are estimated. Estimates of future taxable income are based on the medium-term plan, and the main assumptions used are as follows the sales plan and cost plan for the relevant period are used as the basis for the calculation. In assessing the recoverability of deferred tax assets, the Company considers the planned reversal of deferred tax liabilities, future taxable income, and tax planning including asset sales.

We believe that changes in the economic environment surrounding the Group, market conditions and other factors will increase the uncertainty of our estimates of future taxable income.

Details of changes in deferred tax assets and deferred tax liabilities (net) in the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022	Current fiscal year (From January 1, 2023 to December 31, 2023
Balance at the beginning of the fiscal year (liabilities)	(3,419)	3,424
Amounts recognized in deferred tax expense	7,082	4,203
Amounts recognized in other comprehensive income	(239)	838
Balance at the end of the year (liabilities)	3,424	8,465

(2) Unrecognized deferred tax assets and deferred tax liabilities

As a result of our assessment of the recoverability of the deferred tax assets described above, the Group does not recognize the deferred tax assets for a portion of deductible temporary differences. The amounts of deductible temporary difference which no deferred tax assets has been recognized as of the end of the previous fiscal year and the end of the current fiscal year are as follows:

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Deductible temporary differences	14,997	15,080

Taxable temporary differences regarding investments in subsidiaries and associates for which deferred tax liabilities was not recognized at the end of the previous fiscal year and at the end of the current fiscal year is as follows:

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Investments in subsidiaries and associates	22,141	31,191

(3) Income tax expenses

Income tax expenses for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Current tax expenses	2,650	5,524
Deferred tax expenses (profit)	(7,082)	(4,203)
Total	(4,432)	1,321

The above deferred tax expenses were primarily due to the origination and reversal of temporary differences.

(4) Reconciliation of effective tax rate

A reconciliation of the statutory tax rate to the applicable tax rate in the consolidated statements of profit or loss for the previous fiscal year and the current fiscal year are as follows:

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Statutory tax rate	31.46%	31.46%
Items which are not taxable or deductible	(0.49) %	7.02%
Changes in unrecognized deferred tax assets	1.45%	0.84%
Tax rate difference between the Company and subsidiaries	1.59%	5.99%
Other	1.46%	(4.33)%
Applicable tax rate	35.48%	40.98%

28. Other comprehensive income

The components of other comprehensive income and related tax effects (including non-controlling interest) for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans:		
Amount arising during the year	2,329	50
Tax effect	(806)	(17)
Net of tax	1,523	33
Share of other comprehensive income in equity method investees:		
Amount arising during the year	—	—
Tax effect	—	—
Net of tax	—	—
Financial asset measured at fair value through other comprehensive income:		
Amount arising during the year	418	1,353
Tax effect	(126)	(460)
Net of tax	292	893
Subtotal	1,815	926
Cash flow hedge:		
Amount arising during the year	1,910	(898)
Tax effect	(661)	311
Net of tax	1,250	(587)
Subtotal	1,250	(587)
Total other comprehensive income	3,065	338

29. Reconciliation of changes in liabilities related to cash flows arising from financing activities

Changes in liabilities related to financing activities for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Short-term loans payable	Long-term loans payable (Note)	Bonds (Note)	Lease liabilities
Balance as of January 1, 2022	–	8,000	179,612	26,512
Changes with cash flows	(38)	(1,065)	(30,000)	(5,974)
Changes without cash flows	38	65	89	2,730
Balance on December 31, 2022	–	7,000	149,701	23,269
Changes with cash flows	–	(1,000)	–	(5,418)
Changes without cash flows	–	–	80	7,765
Balance on December 31, 2023	–	6,000	149,781	25,616

(Nots) These include amounts of long- term loan and bond due within one year.

30. Financial instruments

(1) Financial risk management

The Groups are exposed to the following risks arising from financial instruments:

・Credit risk
・Liquidity risk
・Market risk

The Group faces a variety of financial risks (credit risk, liquidity risk and market risk (equity price risk, interest rate risk, currency risk and commodity price risk) in the course of conducting business and manages risks in accordance with certain policies to avoid and mitigate these financial risks. The Group's risk management policies are formulated after identifying and analyzing the risks faced by the Group with the aim of appropriately identifying risks and controls and monitoring risks and complying with controls. Risk management policies and systems are reviewed periodically to reflect market conditions and the Group's business activities. The Group conducts training and develops manuals and procedures to maintain a control environment in which all employees understand their roles and disciplines.

Based on our risk management policies, the group utilizes derivative transactions to hedge certain risk exposures. The Group's policy is to utilize derivative transactions to hedge foreign currency exchange and commodity price risks and not to engage in speculative transactions. Our finance division identifies, evaluates, and hedges financial risk.

(2) Credit risk

Credit risk is the risk that one party to the financial instrument will be unable to fulfil its obligations and another party will incur financial losses. In the course of our business, the Group is exposed to counterparty credit risk with respect to trade and other receivables and other financial assets (including deposits, securities, and other receivables). The carrying amount after impairment for financial assets presented in the consolidated financial statements is the maximum exposure of the Group of financial assets to credit risk, without taking into account of any collateral held. In addition, the Group has no significant credit risk exposure to any particular counterparty and has no excessive concentration of credit risk with specific managements.

In order to manage credit risk, the Group manages payment due dates and outstanding for each customer in accordance with our internal customer control regulations and monitors the credit standing of our major customer on a regular basis.

In order to mitigate the credit risk of derivative transactions, in principle, transactions are limited to financial institutions with high credit ratings.

In addition, the Group calculates allowance for credit loss by classifying receivables based on credit risk characteristics. For trade and lease receivables, the Group always measures allowance for credit loss at the same amount as lifetime expected credit losses. Receivables other than trade and lease receivables, in principle, are measured the allowance for credit loss at the same amount as the 12-month expected credit losses. However, if credit risk increases significantly from the initial recognition date, the Group recognizes the allowance for credit losses at the same amount as the lifetime expected credit losses. The Group determines whether or not the credit risk has increased significantly based on fluctuations in the risk of default, and consideration of the passage of time and deterioration in the financial condition of the obligor. All receivables other than trade receivables for which the Group measures the allowance for credit loss at the same amount as the 12-month expected credit losses are measured on a collective basis.

The amount of expected credit losses related to trade receivables is calculated based on simplified approaches by classifying receivables according to the credit risk characteristics of the counterparty and multiplying by the provision rate reflected historical credit loss rate calculated for each category and forecasts of future economic conditions. The amount of expected credit losses related to receivables other than trade receivables whose credit risk has not increased significantly is calculated based on the principal approach by multiplying by provision rate reflected the historical rate of credit loss of the same type of asset by it carrying amount.

The amount of expected credit losses related to asset whose credit risk has been increased significantly and credit-impaired financial asset is calculated as the difference between the present value of estimated future cash flows discounted by the asset's initial effective interest rate and carrying amount.

(a) Credit risk exposure

The Group's credit risk exposure for the previous fiscal year and the current fiscal year are as follows:

Trade and other receivables

The Group evaluates the credit risk of trade and other receivables based on past due information.

As of December 31, 2022

(Millions of yen)

	Financial asset assessed by 12-month expected credit losses	Financial asset assessed by an amount equal to lifetime expected credit losses	Financial asset of applying simplified approaches	Total
Unexpired	26,322	25	70,537	96,883
Within 60 days of the due date	37	—	6,533	6,570
More than 60 days from the due date	—	34	—	34
Total	26,358	59	77,070	103,487

Financial asset assessed by an amount equal to lifetime expected credit losses is primarily a credit-impairment financial asset.

As of December 31, 2023

(Millions of yen)

	Financial asset assessed by 12-month expected credit losses	Financial asset assessed by an amount equal to lifetime expected credit losses	Financial asset of applying simplified approaches	Total
Unexpired	40,126	19	74,403	114,548
Within 60 days of the due date	81	—	5,570	5,651
More than 60 days from the due date	—	1	19	20
Total	40,208	20	79,992	120,220

Financial asset assessed by an amount equal to lifetime expected credit losses is primarily a credit-impairment financial asset.

Other financial assets

The Group evaluates the credit risk of other financial assets according to the credit risk rating grades of the other party. The credit risk rating grades of financial asset assessed by an amount equal to lifetime expected credit losses is relatively low compared to the credit risk rating grades of financial asset's expected credit losses, which assessed by a 12-month expected credit losses, and the credit risk rating grades of financial assets in the same category is generally the same. No other financial assets that are past due have significant credit risk exposure.

None of the other financial assets past due have significant credit risk exposures.

As of December 31, 2022

(Millions of yen)

	Financial asset assessed by 12-month expected credit losses	Financial asset assessed by an amount equal to lifetime expected credit losses	Total
Other financial asset	3,572	894	4,467

Financial asset assessed by an amount equal to lifetime expected credit losses is primarily a credit-impairment financial asset.

As of December 31, 2023

(Millions of yen)

	Financial asset assessed by 12-month expected credit losses	Financial asset assessed by an amount equal to lifetime expected credit losses	Total
Other financial asset	3,859	873	4,732

Financial asset assessed by an amount equal to lifetime expected credit losses is primarily a credit-impairment financial asset.

(b) Allowance for credit losses

Changes in allowance for credit losses for the previous fiscal year and the current fiscal year are as follows:

Trade and other receivables

For the year ended December 31, 2022

(Millions of yen)

	Financial asset assessed by 12-month expected credit losses	Financial asset assessed by an amount equal to lifetime expected credit losses	Financial asset of applying simplified approaches	Total
Balance on January 1, 2022	51	51	298	401
Provision	32	23	86	141
Reduction during the period (purpose use)	—	—	(190)	(190)
Reduction during the period (reversal)	(51)	(51)	(108)	(211)
Balance on December 31, 2022	32	23	86	141

For the year ended December 31, 2023

(Millions of yen)

	Financial asset assessed by 12-month expected credit losses	Financial asset assessed by an amount equal to lifetime expected credit losses	Financial asset of applying simplified approaches	Total
Balance on January 1, 2023	32	23	86	141
Provision	46	17	87	150
Reduction during the period (purpose use)	—	—	—	—
Reduction during the period (reversal)	(32)	(23)	(86)	(141)
Balance on December 31, 2023	46	17	87	150

The Group does not anticipate that any cash flows will be collected in the future from trade receivables written off in the past and not collect any cash flows.

Other financial asset

For the year ended December 31, 2022

(Millions of yen)

	Financial asset assessed by 12-month expected credit losses	Financial asset assessed by an amount equal to lifetime expected credit losses	Total
Balance on January 1, 2022	0	816	816
Provision	0	232	232
Decrease during the period (intended use)	—	(246)	(246)
Reduction during the period (reversal)	(0)	(380)	(381)
Balance on December 31, 2022	0	421	421

For the year ended December 31, 2023

(Millions of yen)

	Financial asset assessed by 12-month expected credit losses	Financial asset assessed by an amount equal to lifetime expected credit losses	Total
Balance on January 1, 2023	0	421	421
Provision	0	104	104
Decrease during the period (intended use)	—	(39)	(39)
Reduction during the period (reversal)	(0)	(104)	(104)
Balance on December 31, 2023	0	382	382

(c) Impact of significant changes in the gross carrying amount of financial instrument during the year

There were no significant changes in the gross carrying amount affecting changes in allowance in the previous fiscal year or the current fiscal year.

(3) Liquidity risk

Liquidity risk is the risk that the Group will be unable to pay its obligations on the due date for repayment in the financial liabilities when such obligations become due. The Group manages to secure sufficient funds to meet payment due dates under any circumstances that do not affect the Group's conditions of loss or reputation. Our financial division manages our liquidity risk by maintaining adequate levels of net income and cash balances within our line of credit with banks and by comparing and analyzing actual cash flows and forecast cash flows.

The balances of financial liabilities (including derivative liabilities) by maturity for the previous fiscal year and the current fiscal year are as follows:

As of December 31, 2022

(Millions of yen)

	Carrying amount	Cash flows on contract	Not later than 1 year	Later than 1 year and not later than 5 years	More than 5 years
Non-derivative financial liabilities					
Trade and other payables	108,254	108,254	108,254	—	—
Bonds and loans payable	156,701	158,535	1,305	106,961	50,270
Finance lease liabilities	23,269	24,131	5,322	10,577	8,232
Derivative financial liabilities					
Forward exchange contracts	162	162	153	8	—
Commodity swap	501	501	501	—	—
Total	288,887	291,583	115,535	117,546	58,502

As of December 31, 2023

(Millions of yen)

	Carrying amount	Cash flows on contract	Not later than 1 year	Later than 1 year and not later than 5 years	More than 5 years
Non-derivative financial liabilities					
Trade and other payables	116,612	116,612	116,612	—	—
Bonds and loans payable	155,781	157,231	41,303	65,792	50,135
Finance lease liabilities	25,616	26,623	5,550	11,182	9,891
Derivative financial liabilities					
Forward exchange contracts	239	239	223	15	—
Commodity swap	888	888	888	—	—
Total	299,135	301,593	164,577	76,989	60,026

(4) Market risk

Market risk is the risk of fluctuations in interest rates, share prices and other market prices that may affect the value of the Group’s revenue and value of securities held by the Group. While optimizing profits, the Group manages market risk exposures to acceptable levels.

(a) Interest rate risk

Loans payable and bonds are fixed interest rates. Accordingly, the impact of changes in interest rates on profit or loss is limited and the Group believes that our interest rate risk is insignificant and has not performed sensitivity analyses such as basis point values.

(b) Share price risk

The Group is exposed to the risk of fluctuations in share prices because the Group holds a large number of securities with quoted market prices. Securities with quoted market prices are held for purposes other than trading and are designated primarily as financial assets measured at fair value through the other comprehensive income.

Assuming that all other variables are constant, if the price of listed securities held by the Group as of the end of the fiscal year increases or decreases by 10%, the impact on the other comprehensive income (before tax effects) is 870 million yen and 454 million yen, respectively, for the previous fiscal year and current fiscal years.

(c) Currency risk

The Coca-Cola Bottlers Japan Co., Ltd., a consolidated subsidiary, purchases raw materials denominated in foreign currencies and is therefore exposed to currency risk, mainly in U.S. dollars. Currency risk arises from forecast transactions, such as future purchases, or from assets and liabilities that are already recognized. The Group utilizes foreign currency forward contracts to hedge its currency risk. Hedge accounting is applied to transactions that meet the criteria for hedge accounting. Receivables and payables denominated in foreign currencies are exposed to the risk of exchange rate fluctuations, but the impact of this risk is limited as it is offset by forward exchange contracts.

(d) Commodity price risk

The Coca-Cola Bottlers Japan Co., Ltd., a consolidated subsidiary, purchases raw materials that are subject to fluctuations in prices due to weather and natural disasters. As a result, the Group is exposed to the commodity price risk of raw materials. The Group enters into commodity swap contracts to hedge the risk of fluctuations in the prices of these raw materials.

(5) Capital management

The Group's fundamental capital management policy is to improve capital efficiency through long-term improvements through business growth while maintaining a stable financial position.

The Group's indicators for capital management are return on equity attributable to owners of the parent ("ROE") and return on assets ("ROA"). ROE is the ratio of net profit to equity attributable to owners of the parent, and ROA is the ratio of profit before tax to total assets. ROE and ROA for the previous and current fiscal years were as follows due to profit contributions from top-line growth, sales volume, and wholesale revenue per case, despite the continuing impact of higher commodity and utility prices, and yen depreciation.

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
ROE	(1.67) %	0.40%
ROA	(1.47) %	0.39%

The Group does not have any significant capital controls imposed by external parties.

(6) Classification of financial instruments

Balances by financial assets and financial liabilities classification for the previous fiscal year and the current fiscal year are as follows:

Financial assets

As of December 31, 2022

(Millions of yen)

	Financial instrument measured at fair value through profit or loss	Financial instrument measured at fair value through other comprehensive income	Financial instrument measured at amortized cost	Total
Cash and cash equivalents	－	－	84,074	84,074
Trade and other receivables	－	－	103,346	103,346
Other financial asset (current)				
Derivative assets	527	－	－	527
Term deposits which mature due within three months	－	－	5	5
Current portion of long-term loans receivable	－	－	10	10
Other	－	－	－	－
Subtotal	527	－	15	542
Other financial asset (non-current)				
Derivative assets	22	－	－	22
Securities	－	11,747	－	11,747
Long-term loans receivable	－	－	27	27
Other	－	89	4,003	4,093
Subtotal	22	11,836	4,030	15,888
Total	548	11,836	191,466	203,851

As of December 31, 2023

(Millions of yen)

	Financial instrument measured at fair value through profit or loss	Financial instrument measured at fair value through other comprehensive income	Financial instrument measured at amortized cost	Total
Cash and cash equivalents	—	—	113,660	113,660
Trade and other receivables	—	—	120,069	120,069
Other financial asset (current)				
Derivative assets	80	—	—	80
Term deposits which mature due within three months	—	—	—	—
Current portion of long-term loans receivable	—	—	7	7
Other	—	—	—	—
Subtotal	80	—	7	88
Other financial asset (non-current)				
Derivative assets	—	—	—	—
Securities	—	7,463	—	7,463
Long-term loans receivable	—	—	17	17
Other	—	92	4,326	4,418
Subtotal	—	7,555	4,343	11,898
Total	80	7,555	238,079	245,715

Financial liabilities

As of December 31, 2022

(Millions of yen)

	Financial instrument measured at fair value through profit or loss	Financial instrument measured at amortized cost	Total
Trade and other payables	—	108,254	108,254
Bonds and loans payable	—	156,701	156,701
Lease liabilities	—	23,269	23,269
Other financial liabilities (current)			
Derivative liabilities	654	—	654
Subtotal	654	—	654
Other financial liabilities (non-current)			
Derivative liabilities	8	—	8
Subtotal	8	—	8
Total	662	288,224	288,887

As of December 31, 2023

(Millions of yen)

	Financial instrument measured at fair value through profit or loss	Financial instrument measured at amortized cost	Total
Trade and other payables	—	116,612	116,612
Bonds and loans payable	—	155,781	155,781
Lease liabilities	—	25,616	25,616
Other financial liabilities (current)			
Derivative liabilities	1,111	—	1,111
Subtotal	1,111	—	1,111
Other financial liabilities (non-current)			
Derivative liabilities	15	—	15
Subtotal	15	—	15
Total	1,127	298,009	299,135

Since the Group holds securities for strategic investment purposes, these securities are designated as equity instruments measured at fair value through the other comprehensive income.

The following is a fair value of the major issues of equity instruments measured at fair value through other comprehensive income.

(Millions of yen)

Issue	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Central Japan Railway Company	877	969
Nishi-Nippon Railroad Co., Ltd.	988	956
Mitsubishi Heavy Industries, Ltd.	471	742
Japan Airport Terminal Co., Ltd	653	621
AEON CO., LTD.	311	353
IZUMI Co., Ltd.	691	338
Oriental Land Co., Ltd.	655	—
East Japan Railway Company	865	—

Dividends income related to investments held at the reporting date for the previous fiscal year and the current fiscal year was as follows:

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Dividends income	187	93

The Group disposed a part of the equity instrument designated as measurement at fair value through other comprehensive income during the fiscal year from the viewpoint of reviewing business relationships. The fair value, the cumulative gains, or losses (before tax effects) at the time of disposition and the dividends income were as follows:

(Millions of yen)

Previous fiscal year (From January 1, 2022, to December 31, 2022)			Current fiscal year (From January 1, 2023, to December 31, 2023)		
Fair value	Cumulative gain (Loss)	Dividends income	Fair value	Cumulative gain (Loss)	Dividends income
2,485	917	50	5,652	2,848	84

Cumulative gains or losses recognized in accumulated other comprehensive income are reclassified from accumulated other comprehensive income to retained earnings at the time of disposition.

Reference: Note 19. Equity (5) Accumulated other comprehensive income

(7) 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 inputs 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, Level 2, and Level 3 during the previous fiscal year and current fiscal years.

(b) Fair value measurement

Securities are classified as Level 1 of the fair value hierarchy by the measurement of share prices, if any, 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, quoted market prices of similar companies and discounted future cash flow models. If significant inputs, such as quoted market prices and discount rates used in measurement, are observable, such financial instruments are classified as Level 2, but are classified as Level 3 if inputs used in its measurement include significant unobservable inputs.

Unlisted securities are classified into Level 3 of the fair value hierarchy using valuation techniques based on discounted future cash flows, valuation techniques based on quoted market prices of similar companies, valuation techniques based on net asset value, and other valuation techniques. In the fair value measurement of unlisted securities, the Group uses unobservable inputs such as discount rates and valuation multiples and considers certain illiquidity discounts and noncontrolling 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 for the previous fiscal year and the current fiscal year 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 December 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:26.8 times PER: 5.8 – 6.5 times PBR: 1.1-2.4 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 for the previous fiscal year and the current fiscal year are 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 December 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	−	80	−	80
Subtotal	−	80	−	80
Financial instrument measured at fair value through other comprehensive income:				
Securities	4,542	−	2,921	7,463
Other	−	−	92	92
Subtotal	4,542	−	3,013	7,555
Total	4,542	80	3,013	7,635
Financial liabilities				
Financial instrument measured at fair value through profit or loss:				
Derivative liabilities	−	1,127	−	1,127
Total	−	1,127	−	1,127

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

a. Securities

Listed securities are measured based on quoted market prices and are classified into fair value hierarchy level 1.

b. Derivatives

The fair value of foreign currency forward contracts is calculated by discounting the value calculated using the forward exchange rate as of the end of the reporting period to the present value. As a result, foreign currency forward contracts are classified into fair value hierarchy level 2.

A reconciliation of the beginning and ending balances of financial instrument classified as Level 3 for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Financial assets measured at fair value through other comprehensive income
Balance on January 1, 2022	4,423
Purchase	2
Disposals	(487)
Gains or losses recognized in other comprehensive income	(805)
Other	2
Balance on December 31, 2022	3,135
Purchase	3
Disposals	(217)
Gains or losses recognized in other comprehensive income	92
Other	—
Balance on December 31, 2023	3,013

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 for the previous fiscal year and the current fiscal year 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 December 31, 2023

(Millions of yen)

	Carrying amount	Fair value	Difference
Long-term loans payable and bonds	155,781	154,547	1,234

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 because their fair value approximates it carrying amount because they are collected and settled in a short period of time.

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

a. Loans payable

Loans payable with variable interest rates are calculated 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 is calculated based on the present value of future cash flows discounted using interest rates adjusted for remaining term and credit risk. Loans payable with variable interest rates and 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.

(8) Derivatives and hedge accounting

The management of hedge accounting for the risk management of the Group is described in "(1) Financial risk management". Derivative transactions are conducted by Coca-Cola Bottlers Japan Inc.

(a) Impacts on the consolidated statements of financial position

The impact of hedging instrument designated as hedges on the consolidated statements of financial position was as follows: The carrying amount (fair value) of assets related to hedging instrument is included in "Other financial assets" and the carrying amount (fair value) of liabilities related to hedging instrument is included in "Other financial liabilities."

As of December 31, 2022

(Millions of yen)

Hedge type	Risk category	Hedging instrument	Notional amount	Carrying amount (fair value)	
				Assets	Liabilities
Cash flow hedges	Currency risk	Forward exchange contracts	12,637	93	162
	Price risk	Commodity swap	15,235	456	501
		Total	27,872	548	662

The average exchange rate used for forward exchange contracts was 129.15 yen per U.S. dollar.

As of December 31, 2023

(Millions of yen)

Hedge type	Risk category	Hedging instrument	Notional amount	Carrying amount (fair value)	
				Assets	Liabilities
Cash flow hedges	Currency risk	Forward exchange contracts	7,707	—	239
	Price risk	Commodity swap	14,743	80	888
		Total	22,449	80	1,127

The average exchange rate used for forward exchange contracts was 142.33 yen per U.S. dollar.

In hedging transactions conducted by the Group, the entire hedged item items are hedged, and there are no transactions to hedge certain risk elements.

The periods of hedge for cash flows movements of foreign currency forward contracts and commodity swaps are from January 2024 to December 2024.

Accumulated other comprehensive income related to cash flow hedges was as follows: There were no accumulated other comprehensive income related to cash flow hedges arising from hedge relationships that discontinued hedge accounting.

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Forward exchange contracts	(89)	(219)
Commodity swap	(74)	(573)
Total	(163)	(792)

(b) Impact on the consolidated statements of profit or loss and consolidated statements of comprehensive income

The impacts on profit or loss and other comprehensive income related to hedging instrument designated as cash flow hedges for the previous fiscal year and the current fiscal year are as follows:

For the year ended December 31, 2022

(Millions of yen)

Risk category	Amount of hedging gains or losses recognized in other comprehensive income	Hedge ineffectiveness recognized in profit or loss	Changes in fair value of hedging instrument used as the basis for recognizing the hedge ineffective	Amounts reclassified from accumulated other comprehensive income to profit or loss as reclassification adjustments
Currency risk	1,056	20	(69)	－
Price risk	855	－	(45)	－
Total	1,910	20	(114)	－

For the year ended December 31, 2023

(Millions of yen)

Risk category	Amount of hedging gains or losses recognized in other comprehensive income	Hedge ineffectiveness recognized in profit or loss	Changes in fair value of hedging instrument used as the basis for recognizing the hedge ineffective	Amounts reclassified from accumulated other comprehensive income to profit or loss as reclassification adjustments
Currency risk	386	39	(239)	－
Price risk	(1,284)	－	(808)	－
Total	(898)	39	(1,046)	－

Changes in the value of the hedged item used as the basis for recognizing the hedge ineffectiveness approximate changes in the fair value of hedging instrument.

There are no reclassification adjustments due to discontinuation of hedges, etc. If hedged item is a forecast transaction, such as acquisition of inventories, accumulated gains, or losses on hedges in "Accumulated other comprehensive income" are reclassified to cost of inventories and other.

The hedge ineffective portion recognized in profit or loss and the amount reclassified to profit or loss as reclassification adjustments are included in finance income and finance expenses.

Because the terms between hedged item and hedging instrument are not perfectly matched, the differences in terms result in the hedge ineffective portion.

31. Significant subsidiaries

Significant subsidiaries of the Groups are as follows: Unless otherwise indicated, subsidiary's capital consists of ordinary share directly owned by the Group and its percentage ownership is the same as the percentage of voting power owned by the Group. The principal business locations are the same as those of the Company.

				Percentage of voting right	
Operating segment	Name of subsidiary	Location of head office	The details of the business	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Beverage business	Coca-Cola Bottlers Japan Inc.	Minato-ku, Tokyo	Manufacture and sales of beverage and food	100.0%	100.0%
	FV Japan Co., Ltd.	Toshima-ku, Tokyo	Sales of beverages and foods	100.0%	100.0%
	Coca-Cola Bottlers Japan Vending Inc.	Shinjuku-ku, Tokyo	Vending machine operation	100.0%	100.0%
	Coca-Cola Bottlers Japan Business Services Inc.	Minato-ku, Tokyo	On-site administration related with sales of beverage/food	100.0%	100.0%

(Note) Percentage of voting rights include indirect holdings through subsidiary.

32. Investments accounted for using the equity method

The primary associates of the Group are as follows: The principal business locations are the same as those of the Company. There is no individually significant associate.

				Percentage of voting right	
Operating segment	Name of associate	Location of head office	The details of the business	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Beverage business	Resources Inc.	Takamatsu-shi, Kagawa	Vending machine-related business	44.0%	44.0%

(Note) Percentage of voting rights include indirect holdings through subsidiary.

33. Commitment

Purchase commitments

Commitments related to acquisition of property, plant and equipment and intangible asset after the reporting date for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Property, plant, and equipment	1,774	2,252
Intangible assets	2	1
Total	1,776	2,253

Purchase commitments excluding the above amounts were 8,478 million yen and 4,271 million yen for the previous fiscal year and the current fiscal year, respectively. Primarily due to the contract of outstanding obligations related to the gas purchasing contract.

34. Earnings per share

The computation of basic earnings (loss) per share attributable to owners of the parent is based on net profit for the year attributable to owners of the parent and the weighted-average number of shares of ordinary share outstanding.

Basis for calculation of basic earnings (loss) per share for the previous fiscal year and the current fiscal year are as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2023
Income (Loss) attributable to owners of parent (millions of yen)	(8,070)	1,871
Weighted-average number of common shares issued (in thousands)	179,342	179,383
Increase in common shares		
Share of share-based compensation (in thousands)	—	1,227
Diluted weight average number of shares (in thousands)	—	180,609
Earnings(losses) per share (yen)	(45.00)	10.43
Diluted earnings per share (yen)	—	10.36

Notes

1. "Diluted earnings per share" is not shown in the previous fiscal year, as 751 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 weighted average number of common shares during the year for calculating the amount of earnings(losses) per share and diluted earnings per share. The weighted average number of common shares deducted was 26,886 thousand shares for current fiscal year.

35. Related party transactions

Transaction amounts and amounts outstanding with the related parties were as follows: Transactions with subsidiaries are not disclosed as they have been eliminated in consolidated financial statements.

For the year ended December 31, 2022

(Millions of yen)

Relationship with affiliated companies	Name	Transaction	The amount of the transaction	Amount outstanding
Subsidiary of other subsidiaries and associates	Coca-Cola (Japan) Company, Limited	Income from rebates of sales promotion	128,436	18,772
		Purchase of concentrate	316,898	13,317
An officer of the parent company holds a majority of the voting rights in another company, etc.	MICHINOKU COCA-COLA BOTTLING CO., LTD.	Sale of soft drinks	2,860	234
		Purchase of soft drinks	78	5

For the year ended December 31, 2023

(Millions of yen)

Relationship with affiliated companies	Name	Transaction	The amount of the transaction	Amount outstanding
Subsidiary of other subsidiaries and associates	Coca-Cola (Japan) Company, Limited	Income from rebates of sales promotion	128,488	31,967
		Purchase of concentrate	310,428	14,786
An officer of the parent company holds a majority of the voting rights in another company, etc.	MICHINOKU COCA-COLA BOTTLING CO., LTD.	Sale of soft drinks	4,113	288
		Purchase of soft drinks	606	57

Note 1. The transaction amount does not include consumption taxes, but the amount outstanding includes consumption taxes.

2. Transactions with The Coca-Cola Company's subsidiary, Coca-Cola (Japan) Company, Limited are conducted based on the contract concluded with The Coca-Cola Company and Coca-Cola (Japan) Company, Limited concerning the manufacture, sale of the Coca-Cola etc. and use of the Coca-Cola trademark.

3. Transactions with Michinoku Coca-Cola Bottling Co., Ltd. are determined in the same way as transactions with other parties with no association with our company and under the general trading terms and conditions that take into consideration the market prices, etc.

Compensation for major key management personnel for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022	Current fiscal year (From January 1, 2023 to December 31, 2023
Remuneration	611	561
Share-based compensation	250	292
Bonus	181	271
Compensation upon retirement	21	23
Other	21	—
Total	1,085	1,147

36. Subsequent events

Not applicable.

(2) Other information

Quarterly Information etc. for the current consolidated fiscal year

(Year-to-date)		1st quarter	2nd quarter	3rd quarter	Current fiscal year
Revenue	(Yen)	182,063	404,109	663,825	868,581
Net Profit and loss before income taxes and minority interests for the quarter or year	(Yen)	(9,151)	(6,580)	5,947	3,224
Net Profit and loss in attributable to owners of the parent for the quarter or year	(Yen)	(6,459)	(3,947)	8,862	1,871
Profit and Loss per share	(Yen)	(36.02)	(22.01)	21.53	10.43

(Quarter-to-date)		1st quarter	2nd quarter	3rd quarter	4th quarter
Earnings (losses) per share	(Yen)	(36.02)	14.01	43.52	(11.09)

2. Financial Statements (Non-consolidated)

(1) Financial statements (non-consolidated)

① Balance sheet

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Assets		
Current assets		
Cash and deposits	6,285	6,999
Operating accrued income receivable	—	482
Prepaid expense	409	571
Short-term loan receivable of subsidiaries and affiliates	92,555	88,650
Accrued income receivable	294	9
Total current assets	99,543	96,710
Fixed assets		
Property, plant, and equipment		
Buildings	11,938	10,911
Structures	806	716
Machinery, equipment, and vehicles	9	6
Land	47,613	47,006
Total property, plant, and equipment	60,366	58,640
Intangibles assets		
Leasehold	27	27
Software	0	—
Total intangibles asset	27	27
Investments and other asset		
Investment securities of subsidiaries and associates	342,561	342,561
Deferred tax assets	21	—
Other	423	417
Total investments and other assets	343,005	342,978
Total fixed assets	403,398	401,644
Total assets	502,941	498,355

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Liabilities		
Current liabilities		
Current portion of bonds payable	—	40,000
Accounts payable	347	284
Accrued expenses	3	3
Deposits	5,622	8,526
Bonus provision	7	13
Provision of directors' bonuses	181	271
Income tax payable	647	601
Other	241	161
Total current liabilities	7,048	49,859
Non-current liabilities		
Bonds	150,000	110,000
Allowance for retirement benefit	2	2
Deferred tax liabilities	—	21
Asset retirement obligations	926	668
Performance-linked compensation provision	449	813
Other	115	147
Total non-current liabilities	151,492	111,651
Total liabilities	158,540	161,510
Net assets		
Shareholders' equity		
Capital share	15,232	15,232
Capital surplus		
Legal capital reserve	108,167	108,167
Other capital surplus	158,783	153,438
Total capital surplus	266,949	261,604
Retained earnings		
Legal reserve	3,317	3,317
Other retained earnings		
Excess tax depreciation reserve	675	674
General reserve	110,388	110,388
Retained earnings brought forward	33,507	25,811
Total retained earnings	147,887	140,190
Treasury Share	(85,667)	(80,182)
Total shareholders' equity	344,402	336,844
Total net assets	344,402	336,844
Total liabilities and net assets	502,941	498,355

② Statements of profit or loss

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022	Current fiscal year (From January 1, 2023 to December 31, 2023
Operating revenue	5,640	6,052
Operating expenses	3,713	4,504
Operating profit	1,927	1,548
Non-operating income		
Interest and dividends income	149	116
Compensation for expropriation	168	—
Other	14	7
Total non-operating income	331	123
Non-operating expenses		
Interest expense	368	296
Other	21	75
Total non-operating expenses	388	370
Ordinary profit	1,869	1,301
Extraordinary income		
Gain on sales of non-current assets	615	1,083
Total extraordinary income	615	1,083
Extraordinary losses		
Impairment losses	15	103
Total extraordinary losses	15	103
Income before income tax	2,469	2,281
Income taxes	743	890
Income tax adjustments	163	42
Total income taxes	906	932
Net profit	1,562	1,349

③ Statements of changes in equity

Previous fiscal year (From January 1, 2022, to December 31, 2022)

(Millions of yen)

	Shareholders' equity					
	Capital share	Capital surplus			Retained earnings	
		Legal capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings
Balance on January 1, 2022	15,232	108,167	158,783	266,950	3,317	151,975
Changes during the year						
Dividend of surplus	–	–	–	–	–	(8,967)
Net profit	–	–	–	–	–	1,562
Purchase of treasury share	–	–	–	–	–	–
Disposal of treasury share	–	–	(0)	(0)	–	–
Net changes in items other than shareholders' equity	–	–	–	–	–	–
Total changes during the year	–	–	(0)	(0)	–	(7,405)
Balance on December 31, 2022	15,232	108,167	158,783	266,949	3,317	144,570

	Shareholders' equity			Total net assets
	Retained earnings	Treasury share	Total shareholders' equity	
	Total retained earnings			
Balance on January 1, 2022	155,292	(85,661)	351,812	351,812
Changes during the year				
Dividend of surplus	(8,967)	–	(8,967)	(8,967)
Net profit	1,562	–	1,562	1,562
Purchase of treasury share	–	(6)	(6)	(6)
Disposal of treasury share	–	0	0	0
Net changes in items other than shareholders' equity	–	–	–	–
Total changes during the year	(7,405)	(5)	(7,410)	(7,410)
Balance on December 31, 2022	147,887	(85,667)	344,402	344,402

Current fiscal year (From January 1, 2023, to December 31, 2023)

(Millions of yen)

	Shareholders' equity					
	Capital share	Capital surplus			Retained earnings	
		Legal capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings
Balance on January 1, 2023	15,232	108,167	158,783	266,949	3,317	144,570
Changes during the year						
Dividend of surplus	—	—	—	—	—	(9,046)
Net profit	—	—	—	—	—	1,349
Purchase of treasury share	—	—	—	—	—	—
Disposal of treasury share	—	—	(5,345)	(5,345)	—	—
Net changes in items other than shareholders' equity	—	—	—	—	—	—
Total changes during the year	—	—	(5,345)	(5,345)	—	(7,697)
Balance on December 31, 2023	15,232	108,167	153,438	261,604	3,317	136,873

	Shareholders' equity			Total net assets
	Retained earnings	Treasury Shares	Total shareholders' equity	
	Total retained earnings			
Balance on January 1, 2023	147,887	(85,667)	344,402	344,402
Changes during the year				
Dividend of surplus	(9,046)	—	(9,046)	(9,046)
Net profit	1,349	—	1,349	1,349
Purchase of treasury share	—	(5)	(5)	(5)
Disposal of treasury share	—	5,490	145	145
Net changes in items other than shareholders' equity	—	—	—	—
Total changes during the year	(7,697)	5,484	(7,557)	(7,557)
Balance on December 31, 2023	140,190	(80,182)	336,844	336,844

Supplemental Notes of the statement of changes in equity

(Note) Breakdown of other retained earnings

Previous fiscal year (From January 1, 2022, to December 31, 2022)

	Other retained earnings			
	Advanced depreciation reserve fund (Millions of yen)	Other voluntary reserve fund (Millions of yen)	Deferred retained earnings (Millions of yen)	Total other earnings (Millions of yen)
Balance on January 1	676	110,388	40,911	151,975
Changes during the year				
Dividend of surplus	－	－	(8,967)	(8,967)
Net income	－	－	1,562	1,562
Reversal of reserve funds	(1)	－	1	－
Purchase of treasury share	－	－	－	－
Disposal of treasury share	－	－	－	－
Changes in items other than shareholders' equity, net	－	－	－	－
Total changes during the year	(1)	－	(7,404)	(7,405)
Balance on December 31	675	110,388	33,507	144,570

Current fiscal year (From January 1, 2023, to December 31, 2023)

	Other retained earnings			
	Advanced depreciation reserve fund (Millions of yen)	Other voluntary reserve fund (Millions of yen)	Deferred retained earnings (Millions of yen)	Total other earnings (Millions of yen)
Balance on January 1	675	110,388	33,507	144,570
Changes during the year				
Dividend of surplus	－	－	(9,046)	(9,046)
Net income	－	－	1,349	1,349
Reversal of reserve funds	(1)	－	1	－
Purchase of treasury share	－	－	－	－
Disposal of treasury share	－	－	－	－
Changes in items other than shareholders' equity, net	－	－	－	－
Total changes during the year	(1)	－	(7,696)	(7,697)
Balance on December 31	674	110,388	25,811	136,873

【Notes】

(Significant accounting policies)

1. Accounting policy for measuring securities

(1) Bonds held to maturity

These are measured at amortized cost (straight-line method).

(2) Investment securities of subsidiaries and associates

These are measured at cost determined mainly by the moving-average method

(3) Other securities

With market value:

These are measured by the market value method based on market prices as of the end of the fiscal year (valuation differences are all included in net assets, and the sold cost of securities is determined by the moving-average method).

Without market value:

These are measured at cost determined principally by the moving-average method.

2. Accounting policy for depreciation of assets

(1) Property, plant, and equipment

Depreciation is calculated by the straight-line method. The main useful life is as follows:

Buildings	2 – 50 years

(2) Intangibles assets

Amortization is calculated by the straight-line method.

3. Accounting policy for provisions

(1) Bonus provision

Bonus provision is recognized at the estimated amount to be paid as of the fiscal year, in order to prepare for the payment of bonuses to employees.

(2) Provision of directors' bonuses

Provision of directors' bonuses is recognized as the estimated amount to be paid as of the fiscal year, in order to prepare for the payment of bonuses to directors and corporate auditors.

(3) Performance-linked compensation provision

Performance-linked compensation provision is recognized the estimate amount to be paid as of the fiscal year, in order to prepare for the payment of shares and cash to executive directors and executive officers.

(4) Allowance for retirement benefit

In order to prepare for the payment of retirement benefit, the company records an estimate payment amount as of the end of year. Actuarial gains and losses are amortized from the following fiscal year by the straight-line method over a fixed number of years within the average remaining service period of employees.

4. Accounting standards for income and expenses

The Company’s operating revenue consists of real estate rents and dividends income from subsidiaries. The main performance obligation in real estate rents is the provision of goods or services to subsidiaries. Since the performance obligation is satisfied when control of these promised goods or services is transferred to the customer, revenue is recognized when the performance obligation is satisfied. Dividends income is recognized as of the effective date of dividends.

5. Other important matters that form the basis for the preparation of financial statements

Accounting for Retirement Benefits

The method of accounting for unrecognized actuarial differences related to retirement benefits differs from the method of accounting for these items in the consolidated financial statements.

(Change in accounting policy)

Not applicable.

(Additional Information)

(The Executive reward BIP Trust)

The Company has introduced the board incentive plan "the Executive reward BIP Trust" for the Company's executive directors.

(1) The outline of transaction

The System is a stock-based compensation plan under which the Company's shares are acquired by a trust established by the Company with funds contributed by the Company, and the Company's shares are delivered to the executive directors.

(2) Our shares remaining in the trust

The book value at the end of fiscal year was 1,870 million yen and 1,261 thousand shares.

(Stock-granting ESOP Trust)

The Company has introduced a performance-linked remuneration "Stock-granting ESOP Trust" for executive officers of the Company, employees recognized by the Company, and executive officers and employees of group subsidiaries determined by the Company.

(1) The outline of transaction

The System is a stock-based compensation plan under which a trust established by the Company acquires the Company's shares with funds contributed by the Company, and the Company's executive officers, employees recognized by the Company, and executive officers and employees of the Company's group subsidiaries determined by the Company are granted the Company's shares.

(2) Our shares remaining in the trust

The book value at the end of fiscal year was 2,653 million yen and 1,789 thousand shares.

(Notes to Balance Sheet)

※1 Amounts related to subsidiaries and associates included in them for the previous fiscal year and the current fiscal year are as follows:

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Short-term monetary receivables	294 million yen	491 million yen
Short-term monetary payables	5,652	8,553

2 Contract for overdraft

The Company has entered into overdraft contracts with six banks to efficiently secure working capital. The unused outstanding of the overdraft contracts as of the end of the previous fiscal year and the current fiscal year are as follows:

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Maximum overdraft amount	255,000 million yen	255,000 million yen
Used outstanding of loans	—	—
Net amount	255,000	255,000

(Notes to statement of profit or loss)

※1 Transactions with affiliated companies for the previous fiscal year and the current fiscal year are as follows:

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Sales revenue and operating revenue	5,640 million yen	6,052 million yen
Sales expense	122	365
Transactions excluding operating transactions	149	116

※2 Major items and amounts of selling, general and administrative expenses and operating expenses for the previous fiscal year and the current fiscal year are as follows:

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Depreciation.	1,103 million yen	1,066 million yen
Taxes and dues	742	767
Rents expenses	495	493
Insurance expenses	—	661
Consignment expenses of business activities	134	180
Directors’ remuneration	653	542
Provision for directors' bonus provision	181	271
Provision for performance-linked compensation provision	251	364
Advertising expenses	9	8
Retirement benefit expenses	5	9
Bonuses and provision for bonuses provision	13	25

※3 The breakdown of gain on sales of non-current assets is as follows:

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Buildings	147 million yen	7 million yen
Structures	6	0
Land	462	1,077

※4 Impairment losses

The Company decides the grouping of assets for business-by-business units for managerial accounting purposes whose profit or loss is managed on an ongoing basis. In addition, for rental assets and idle assets, the Company identifies each individual property as the smallest unit for grouping and assesses the indication of impairment.

For the buildings, structures, and land of the applicable base of the idle assets whose land value has declined, the carrying amount has been reduced to its recoverable amount, and the amount of such reduction is recorded as impairment losses.

The recoverable amount of idle asset is calculated based on real estate appraisal value.

Previous fiscal year (From January 1, 2022, to December 31, 2022)

Region	Use	Number of sites	Type	Impairment losses
Kyushu	Idle asset	1	Land Buildings	15 0

Current fiscal year (From January 1, 2023, to December 31, 2023)

Region	Use	Number of locations	Type	Impairment loss (million yen)
Kinki	Idle asset	2	Buildings Land	0 43
Tyugoku	Idle asset	3	Buildings Constructions Land	8 0 51

The Company has divided assets for business use into groups by business unit that generates cash continuously based on management accounting system. As for rental property and idle assets, each individual property is recognized as the smallest grouping unit in order to detect and judge any sign of impairment.

For the current fiscal year, of the idle assets of which market value, etc. decreased, the book values of certain pieces of land, buildings, and structures in the target locations are reduced to their recoverable amounts, and the amount of reduction is recognized as impairment loss.

The recoverable amounts of idle assets are calculated based on the valuation by real estate appraiser, etc.

(Securities)

The market values of shares of subsidiaries and affiliates (the amount on the balance sheets for the previous and current fiscal years is 342,561 million yen for shares of subsidiaries) are not stated because shares of subsidiaries and affiliates do not have market prices.

(Tax effect accounting)

1. The breakdown of major causes of deferred tax assets and deferred tax liabilities

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Deferred tax assets		
Excess of depreciation	1,720 million yen	1,679 million yen
Impairment losses	225	249
Other	726	779
Subtotal deferred tax assets	2,670	2,706
Valuation allowance	(536)	(660)
Total deferred tax assets	2,134	2,046
Deferred tax liabilities		
Advanced depreciation reserve fund	(913)	(908)
Difference on revaluation of land	(1,151)	(1,115)
Other	(49)	(45)
Total deferred tax liabilities	(2,114)	(2,067)
Deferred tax assets (liabilities), net	21	(21)

2. Differences between the statutory tax rate and the applicable tax rate after tax effect

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Statutory tax rate	30.6%	30.6%
Adjustments:		
Permanent differences such as entertainment expense	7.8	5.4
Valuation allowance	(2.1)	5.5
Other	0.3	(0.6)
Applicable tax rate after tax effect	36.7	41.0

(Revenue Recognition)

Information that provides a basis for understanding revenues from contracts with customers is described in "Significant accounting policies, 4. Accounting standard for income and expense."

(Significant subsequent events after the reporting period)

Not applicable.

④ Annexed detailed schedules

【Statement of Property, Plant and Equipment and Intangible Assets】

Category	Asset type	Balance at the beginning of the year	Increase during the year	Decrease during the year	Depreciation during the year	Balance at the end of the year	Accumulated depreciation at the end of the year
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Property, plant and equipment	Buildings	64,924	—	572 (9)	986	64,352	53,441
	Structures	11,085	—	111 (0)	81	10,973	10,257
	Tools, instruments, and fixtures	35	—	—	2	35	29
	Land	47,613	—	607 (94)	—	47,006	—
	Total	123,656	—	1,290 (103)	1,069	122,366	63,727
Intangible assets	Software	5	—	5	—	—	—
	Leasehold right	27	—	—	—	27	—
	Total	32	—	5	—	27	—

Notes:

1. Breakdown of main decrease is as follows:

Land	Decrease of Yodogawa Sales Center dur to sell	225 million yen
Land	Decrease of Kurume Sales Center due to sell	144 million yen
Buildings and Structures	Decrease of Saga office due to sell	61 million yen

2. The figures in the () in "Decrease during the year" represent the amount of impairment loss recorded.
3. The balance at the beginning of the fiscal year and the balance at the end of the fiscal year are stated based on the acquisition price.

【Statement of Allowance】

Category	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Allowance for bonuses	7	13	7	13
Allowance for officers' bonuses	181	271	181	271
Allowance for performance-linked pay	449	813	449	813

(2) Components of major assets and liabilities

This information is omitted because the consolidated financial statements are prepared.

(3) Other information

Not applicable.

VI. Overview of operational procedures for shares

Accounting period	From January 1 to December 31
Ordinary General Meeting of Shareholders	March
Record date	December 31
Record date of dividend	June 30 December 31
Number of shares constituting one unit	100 shares
Purchase and sales of shares less than one unit	
Handling place	(Special Account) Sumitomo Mitsui Trust Bank, Limited Share Transfer Agency business Planning Department 4-5-33 Kitahama, Chuo-ku, Osaka-shi
Administrator of Shareholders' Register	(Special Account) Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Forward office	――――――
Purchase or purchase increase fee	Calculate the amount of fee per unit based on the following formula and make this amount proportional to the number of odd-lot shares purchased or purchased. (Calculation formula) Amount of total purchased price or price per purchase multiplied by one unit share number Amount less than 1 million yen 1.150% Amount in excess of 1 million yen and 5 million yen or less 0.900% Amount of 5 million yen or more and 10 million yen or less 0.700% Amount more than 10 million yen and 30 million yen or less 0.575% Amount more than 30 million yen and 50 million yen or less 0.375% （If fractional numbers less than the circle are generated, truncation） However, if the calculated amount per unit is less than 2,500 yen, it shall be 2,500 yen.
New ticket delivery fee	Free
Publication notices publication method	Electronic public notice on the Company's website (https://www.ccbj-holdings.com/). However, if it is not possible to make public notices by electronic public notice due to an accident or other unavoidable circumstances, public notices shall be listed in Nihon Keizai Shimbun.
Benefits to shareholders	Not applicable.

(Note) Rights for shares of less than one unit

Pursuant to the Company's articles of incorporation, shareholders holding shares of less than one unit of shares have no rights other than those listed below:

- Rights listed in Article 189, Paragraph 2 of the Companies Act.
- The right to make demands pursuant to Article 166, Paragraph 1 of the Companies Act
- The right to receive allotment of shares for subscription or share acquisition rights for subscription according to the number of shares held by the shareholder
- The right to demand cash-out of shares of less than one unit of shares

VII. Reference information about the Company

1. Information about parent company of reportable segment

The Company has no parent company, etc. stipulated in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. Other reference information

The following documents have been submitted between the start date of this fiscal year and the date of submission of the securities report.

(1) Securities report and its attached documents and confirmation

Business year (65th term) (January 1, 2023, to December 31, 2023) Submitted to Kanto Finance Bureau March 29, 2023

(2) Internal control report

Submitted to Kanto Finance Bureau March 29, 2023

(3) Quarterly report and confirmation

(First quarter of the 66th term) (January 1, 2023, to March 31, 2023) Submitted to Kanto Finance Bureau Chief May 15, 2023

(Second quarter of the 66th term) (April 1, 2023, to June 30, 2023) Submitted to Kanto Finance Bureau Chief August 10, 2023

(Third quarter of the 66th term) (July 1, 2023, to September 30, 2023) Submitted to Kanto Finance Bureau Chief November 10, 2023

(4) Extraordinary Report

This is an Extraordinary Report based on Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. (Results of Exercise of Voting Rights at the General Meeting of Shareholders).

Filed with the Director-General of the Kanto Local Finance Bureau on April 3, 2023

(5) Securities Registration Statement and its attached documents

Securities Registration Statement for Newly Issued Shares by Third-Party Ratio

Filed with the Director-General of the Kanto Local Finance Bureau on May 12, 2023

(6) Amended Securities Registration Statement and its attached documents

Filed with the Director-General of the Kanto Local Finance Bureau on May 15, 2023

(7) Amended issue registration statement and its attached documents

Filed with the Director-General of the Kanto Local Finance Bureau on June 2, 2023

Part II. Information about company which provides guarantee to reportable segment

Not applicable.