Semi-Annual Report

（Article 24-5-1, Paragraph 1 of the Financial Instruments and Exchange Act）

Fiscal Year	From January 1, 2024
（The first half of the 67th Term）	To June 30, 2024

Coca-Cola Bottlers Japan Holdings Inc.

（E00417)

This is an English translation of the original Semi-Annual Report ("Hanki Hokokusho") ended June 30, 2024 pursuant to the Japanese Financial Instrument and Exchange Law. In the event of any discrepancy between Hanki Hokokusho and this English translation, Hanki Hokokusho shall prevail.

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[Documents to be submitted]	Semi-Annual Report
[Underlying article]	Article 24-5-1, Paragraph 1 of the Financial Instruments and Exchange Act
[Recipient]	Director-General of the Kanto Local Finance Bureau
[Submission date]	August 7, 2024
[Semi-Annual accounting period]	67th fiscal term (from January 1, 2024 to June 30, 2024)
[Company name]	Coca-Cola Bottlers Japan Holdings Inc.
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[Telephone number]	+81-800-919-0509
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[Location provided for viewing]	Tokyo Stock Exchange, Inc. （2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo）

This is an English translation of the original Semi-Annual Report ("Hanki 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 Hanki Hokokusho and this English translation, Hanki Hokokusho shall prevail.

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

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Part I Corporate information

Section 1. Corporate overview

1. Changes in key management indicators

Issuance		The 66th Term Semi-Annual Consolidated Accounting Period	The 67th Term Semi-Annual Consolidated Accounting Period	The 66th Term
Accounting period		From January 1, 2023 to June 30, 2023	From January 1, 2024 to June 30,2024	From January 1, 2023 to December 31, 2023
Revenue [The second quarter]	(Millions of yen)	404,109 [222,046]	411,455 [224,926]	868,581
Net income (loss) for the period the period before income taxes	(Millions of yen)	(6,580)	873	3,224
Net income (loss) for the period attributable to owners of the parent [The second quarter]	(Millions of yen)	(3,947) [2,513]	(297) [2,600]	1,871
Comprehensive income for the period attributable to owners of the parent	(Millions of yen)	(2,868)	1,099	2,209
Equity attributable to owners of the parent	(Millions of yen)	468,920	467,138	469,847
Total assets	(Millions of yen)	829,829	839,226	844,832
Basic income (loss) per share [The second quarter]	(Yen)	(22.01) [14.01]	(1.65) [14.48]	10.43
Diluted earnings per share	(Yen)	—	—	10.36
Ratio of equity attributable to owners of the parent to total assets	(%)	56.5	55.7	55.6
Cash flows from operating activities	(Millions of yen)	(2,185)	(10,380)	59,102
Cash flows from investing activities	(Millions of yen)	(15,038)	(4,103)	(14,287)
Cash flows from financing activities	(Millions of yen)	(7,576)	(5,141)	(15,229)
Cash and cash equivalents at the end of the period	(Millions of yen)	59,276	94,036	113,660

Notes
1. Because the Company prepares Semi-Annual Consolidated Financial Statements, changes in the key management indicators for the filing company are not described.
2. Diluted earnings per share is not presented, as the effects of dilutive share on earnings per share are anti-dilutive for first half of previous fiscal year and current fiscal year.
3. The above indicators are based on the Semi-Annual Consolidated Financial Statements and consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").
4. Fractions of one million yen are rounded to the nearest million.
5. The Company has introduced Executive reward BIP Trust and Stock-granting ESOP Trust, and the Company shares held by these trusts are recorded as treasury shares in the Semi-Annual Consolidated Financial Statements. Accordingly, the Company shares held by these trusts are included in the number of treasury shares to be deducted from the average number of shares during the period for the calculation of basic income (loss) per share and diluted earnings per share.

2. Business content

There were no significant changes in the businesses that the Group (the Company and its subsidiaries) is engaged in this Semi-Annual accounting period (January 1, to June 30, 2024, hereinafter referred as "first half").

Section 2. Business situations

1. Risk of business

During the first half of the current fiscal year, there were no significant changes to the risk environment or to the business risks that were described in the Annual Securities Report for the previous fiscal year.

The company continues to monitor our operational environment for new risks and opportunities and will proactively work to mitigate risks and leverage opportunities.

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

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

(1) Status of Business Performance

In the first half, the total domestic nonalcoholic ready-to-drink (NARTD) beverage industry volume is estimated to have grown by about 2% versus the same period of the previous fiscal year. Despite the negative impact on demand from the price revisions implemented by beverage companies, demand increased on the back of a continued recovery in traffic. The business environment remained uncertain as rising commodity, utility prices, and the yen's accelerated depreciation impacted business and consumer behavior.

Under these circumstances, as the first year of our strategic business plan "Vision 2028," we have positioned 2024 as the "year of strong profit build up." We have implemented top-line growth initiatives to maximize profits, achieve cost savings through implementing transformation across the entire organization, and further strengthening of our business foundation. In commercial areas, we have worked to maintain product prices following a series of price revisions implemented to date, as planned we implemented price revisions for certain products in May and engaged in commercial activities focused on profitability. We are also preparing to capture demand during the peak summer sales period by launching new products, expanding sales space, and enhancing marketing activities tailored to each channel. Additionally, to improve profitability for next year and onwards, we have previously announced price revisions for some products starting with October 1 shipments and are preparing for these changes, including customer negotiations. In manufacturing and logistics fields, we have been promoting the "local production for local consumption" model, focusing on manufacturing products in plants near to their place of consumption. We have expanded manufacturing capacity, built a flexible manufacturing framework, and enhanced our logistics network, to strengthen the supply chain foundation and reduce costs. In logistics, we have improved efficiency and addressed social issues through collaboration with customers and others. We have also refined the accuracy of our Sales and Operations Planning (S&OP) process to better handle increased shipment volumes ahead of the summer months. In back-office and IT, we have advanced the standardization and automation of business processes through NeoArc Inc., our joint venture with Accenture Japan Ltd.

We are working continuously to realize ESG targets by creating shared value with society. We are enhancing water resource conservation and PET bottle recycling, we have expanded our efforts by collaborating with customers and government agencies to foster a recycling-based society, reduce environmental impact, and expand business opportunities. In April, we launched can products with a higher percentage of recycled materials than before in our "CAN to CAN" horizontal aluminum recycling program. In June, we strengthened our human capital by introducing a diversity, equity, and inclusion (DE&I) statement and logo to communicate our message regarding our approach and stance on DE&I. In addition, for external evaluation, we have been selected as a constituent recognized in global ESG investment indices, including FTSE4Good Index Series, FTSE Blossom Japan Index, and FTSE Blossom Japan Sector Relative Index.

Details for the first half are as follows.

Summary of Business Performance

(Millions of yen except sales volume)

First half (January 1 to June 30)

	2023	**2024**	Change (%)
Revenue	404,109	**411,455**	1.8
Sales volume (million cases)	**230**	**232**	1
Gross profit	176,797	**181,204**	2.5
Selling, General & Administrative Expenses	183,212	**183,971**	0.4
Other income (Recurring)	364	**561**	54.0
Other expenses (Recurring)	711	**599**	(15.8)
Investment income (loss) on equity method	(0)	**14**	—
Business loss	(6,763)	**(2,791)**	—
Other income (Non-recurring)	1,658	**5,429**	227.4
Other expenses (Non-recurring)	1,424	**1,432**	0.5
Operating income (loss)	(6,529)	**1,207**	—
Net loss attributable to owners of parent	(3,947)	**(297)**	—

(Millions of yen except sales volume)

(For reference) Q2 (April 1 to June 30)

	2023	**2024**	Change (%)
Revenue	222,046	**224,926**	1.3
Sales volume (million cases)	**126**	**128**	2
Gross profit	98,056	**99,763**	1.7
Selling, General & Administrative Expenses	95,211	**94,683**	(0.6)
Other income (Recurring)	178	**275**	53.9
Other expenses (Recurring)	342	**297**	(13.3)
Investment loss on equity method	(8)	**(2)**	—
Business income	2,674	**5,056**	89.1
Other income (Non-recurring)	535	**17**	(96.7)
Other expenses (Non-recurring)	579	**797**	37.7
Operating income	2,631	**4,277**	62.6
Net income attributable to owners of parent	2,513	**2,600**	3.5

Note “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.

Consolidated revenue was 411,455 million yen (an increase of 7,345million yen or 1.8% from the same period in the prior year). Despite the negative impact on volume following the price revisions, sales volume increased by 1% compared to the same period in the previous year. This was the result of efforts to introduce new products, expand sales space, and implement effective marketing activities to capture demand with increased traffic. In addition, the price revisions implemented last year, and May of this year resulted in an improved wholesale revenue per case, leading to higher revenue growth rate compared to the volume growth rate.

Consolidated business loss improved by 3,972 million yen (loss reduced) and was a loss of 2,791 million yen (6,763 million yen loss in prior year period). In addition to the profit contribution from top-line growth, cost savings in the supply chain and back-office areas through transformation and controlling increased cost due to higher commodity, utility prices and the weaker yen to a level below the previous year contributed to improved profitability. The amount of profit improvement for the quarter to date second quarter (April 1, 2024 to June 30, 2024, hereafter "the second quarter"), exceeded the amount of improvement in the first quarter (January 1, 2024 to March 31, 2024) with the acceleration of initiatives.

Consolidated operating income improved by 7,736 million yen and was 1,207 million yen (6,529 million yen loss in prior year period). The primary reason is the business loss improving versus the same period of the previous year (loss reduced) and the gains from sales and disposals of property, plant, and equipment that increased other income (non-recurring).

Other income (non-recurring) includes 5,429 million yen in gain on sales and disposals of property, plant, and equipment, which was realized in the process of improving the balance sheet. Other expenses (non-recurring) include 1,067 million yen in business structure improvement expenses related to the implementation of fundamental transformation.

Net loss attributable to owners of the parent improved by 3,650 million yen (loss reduced). With operating loss improving from the same period of the previous year, it was a loss of 297 million yen (3,947 million yen loss in prior year period).

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

Sales volume grew by 1% in the first half of the year driven by the continued increase in traffic and the contribution of effective commercial initiatives, despite the negative impact on demand from the price revisions implemented in October 2023 for large PET bottle products. In the second quarter, volume increased by 2% due to the contribution of Ayataka, which was fully renewed in April. In addition, wholesale revenue per case continued to improve as a result of the series of price revisions.

By channel, supermarkets sales volume declined by 6%, primarily due to price revisions affecting large PET bottle products. This occurred despite efforts to maximize the benefits of new products in acquiring sales space and implementing campaigns. In drugstores and discounters, sales volume grew in the second quarter due to initiatives addressing budget-minded consumers, despite the impact of price revisions. This led to flat sales volume in the first half of the year compared to the previous year. In vending, while sales volume remained flat, wholesale revenue per case improved. This was supported by our established market share and digital strategies to capture demand despite the effects of price revisions, such as campaigns through the Coke ON smartphone app and QR payment methods. In CVS, despite a challenging competitive environment, sales volume grew by 6% with the strong rollout of new and customer-exclusive products and effective marketing initiatives tailored to the sales space. In retail & food service, sales volume increased by 5%, driven by traffic returning to restaurants and tourists spots, efforts to expand product offerings per customer, and acquiring new accounts. Online, volume grew by 18% despite intensified competition, supported by a strengthened product lineup tailored to the channel and joint promotions with online customers.

By beverage category performance, sparkling sales volume increased by 2% due to the growth of Coca-Cola in restaurants and online, as well as the introduction of limited-time products such as Coca-Cola Zero Peach. In the tea category, sales volume increased 4%, driven by the growth of Ayataka of over 10%, which was fully renewed for the first time in seven years and drove the overall category growth. Coffee sales volume decreased by 1% due to the impact of price revisions, despite the effect of the introduction of new Georgia products. Water sales volume declined by 4%, although the negative impact narrowed in the second quarter, the decline in the volume of large PET bottle products due to price revisions had an impact. Sports sales volume decreased by 1% due to a decline in large PET bottle products resulting from price revisions, despite growth in small and medium PET bottle products. Juice sales volume increased by 8% due to growth in Minute Maid Orange in restaurants and the introduction of the new Minute Maid Orange Blend Multi Vitamin.

In the alcohol category, despite efforts to strengthen sales with the renewal of Lemon-dou and introduction of Jack Daniel's & Coca-Cola Zero Sugar, sales volume was impacted by the competitive environment and declined by 16%.

(2) Qualitative Information on Consolidated Financial Position

Assets at the end of first half were 839,226 million yen, a decrease of 5,606 million yen from the end of the previous fiscal year. This is mainly due to a decrease in "Cash and cash equivalents," while "Inventories" increased ahead of peak demand period.

Liabilities at the end of first half were 371,898 million yen, a decrease of 2,913 million yen from the end of the previous fiscal year. This is mainly due to the decrease in "Income tax payables."

Equity at the end of first half was 467,328 million yen, a decrease of 2,693 million yen. This is mainly due to a decrease in "Retained earnings" as a result of dividend payments.

(3) Qualitative Information on Consolidated Statements of Cash Flow

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

Net cash used for operating activities was 10,380 million yen (2,185 million yen used for operating activities in the previous fiscal year). This is mainly due to "Increase in inventories" and "Decrease in other liabilities," while "Depreciation and amortization" and income for the period before income taxes of 873 million yen were recorded.

Net cash used for investing activities was 4,103 million yen (15,038 million yen used for investing 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" was recorded.

Net cash used for financing activities was 5,141 million yen (7,576 million yen used for financing activities in the previous fiscal year). This is mainly due to "Dividends paid," and "Repayments of lease liabilities," while "Proceeds from sale and leaseback," was recorded.

As a result of these activities, cash, and cash equivalents at the end of first half were 94,036 million yen, a decrease of 19,624 million yen compared to the end of the previous fiscal year.

(4) Business and financial challenges to be addressed

1. Issues to be addressed

There were no significant changes in the issues to be addressed by the Group during the first half of the current fiscal year.

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

a. Descriptions of basic policies

The Company believes that the persons and/or entities (hereinafter referred as "Persons") who control decisions on the Company's financial and business policies need to understand the source of the Company's corporate value and will make it possible to ensure and enhance the Company's corporate value and, in turn, the common interests of its shareholders continually and persistently. 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 shares in the Company if it would contribute to the corporate value of the Company and, in turn, the common interests of its shareholders.

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

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

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

b. Initiatives to realize the basic policies

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

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

Soft drink industry volume growth in Japan is expected to be muted, given the developed nature of the market as a whole. The business environment surrounding the Company is projected to become even more intense with further acceleration of the industry's restructuring for survival, such as the expansion of business tie-ups between beverage manufacturers.

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

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

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

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

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

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

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

(5) Research and development activities

Not applicable.

(6) Major facilities

The new installation of the important facilities that had been planned as of the end of the prior year and completed during the first half of the current fiscal year are as listed below.

Name of company	Name of office / site (location)	Name of business segment	Facility description	Amount (millions of yen)	Completed in
Coca-Cola Bottlers Japan Inc.	Branches / (-)	Beverage business	Vending machines/coolers	7,991	June 2024

Note Consumption tax is not included in the above amounts.

3. Significant management contracts

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

Section 3. Status of the filing company

1. Status of Shares

(1) Total number of shares

① Total number of shares

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

② Issued shares

Class	No. of issued shares as of end of first half (June 30,2024)	No. of issued shares as of filing date (August 7, 2024)	Name of listed stock exchange or registered authorized financial instruments firms` association	Details
Common shares	206,268,593	206,268,593	Tokyo Stock Exchange (Prime Market)	100 per unit shares
Total	206,268,593	206,268,593	-	-

(2) Status of stock acquisition rights

① Status of share options

Not applicable.

② Other stock acquisition rights

Not applicable.

(3) Status of exercised moving strike convertible bonds

Not applicable.

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

Date	Increase/decrease in total no. of issued shares (Thousand share)	Balance of total no. of issued shares (Thousand share)	Increase/ decrease of capital stock (Millions of yen)	Capital stock balance (Millions of yen)	Increase/decrease of capital reserve (Millions of yen)	Capital reserve balance (Millions of yen)
January 1, 2024 – June 30, 2024	—	206,269	—	15,232	—	108,167

(5) Major shareholder status

As of June 30, 2024

Name	Address	Number of shares held (Thousands of shares)	Percentage of the number of shares held to the total number of issued shares (excluding treasury stock) (%)
Coca-Cola (Japan) Company, Limited	4-6-3, Shibuya, Shibuya-ku, Tokyo	27,956	15.32
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1, Akasaka, Minato-ku, Tokyo	22,648	12.41
BNY GCM CLIENT ACCOUNT JPRD AC ISG(FE-AC) (Standing proxy: MUFG Bank, Ltd.)	Peterborough Court 133 Fleet Street London EC4A 2BB, U.K. (2-7-1Marunouchi, Chiyoda ku, Tokyo)	7,745	4.24
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	7,206	3.95
Ichimura Foundation of New Technology	1-26-10, Kitamagome, Ota-ku, Tokyo	5,295	2.90
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
GOLDMAN SACHS INTERNATIONAL (Standing proxy: Goldman Sachs Japan)	Plumtree Court, 25 Shoe Lane, London EC4A 4AU, U.K. (2-6-1 Toranomon, Minato-ku, Tokyo), Minato-ku, Tokyo)	4,023	2.20
Satsuma Shuzo Co., Ltd.	26, Kamamotos, Makurazaki-shi, Kagoshima	3,985	2.18
Mitsubishi Heavy Industries Machinery Systems, Ltd.	1-1-1, Wadazakicho, Hyogo-ku, Kobe-shi, Hyogo	3,912	2.14
Total	-	90,933	49.83

Note 23,786 thousand treasury shares are not included in the status of major shareholders above because they do not have voting rights. Also, the treasury shares do not include the Company's shares held by Executive reward BIP Trust and Stock-granting ESOP Trust.

(6) Status of voting rights

① Issued shares

As of June 30,2024

Class	Number of shares	Number of votes	Details
Non-voting shares	—	—	—
Shares with restricted voting right (Treasury Shares)	—	—	—
Shares with restricted voting right (Others)	—	—	—
Shares with full voting rights (Treasury Shares)	Common shares 23,785,900	—	—
Shares with full voting rights (Others)	Common shares 181,750,200	1,817,502	—
Odd lot shares	Common shares 732,493	—	—
Total number of issued shares	206,268,593	—	—
Voting rights of all shareholders	—	1,817,502	—

Notes
1. "Shares with full voting rights (Others)" include 2,300 shares under in JASDEC's name (23 voting rights).
2. "Shares with full voting rights (Others)" include 1,260,900 shares (number of voting rights: 12,609) held by Executive reward BIP Trust and 1,641,200 shares (number of voting rights: 16,412) held by Stock-granting ESOP Trust.

② Treasury Shares

As of June 30,2024

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	23,785,900	—	23,785,900	11.53
Total	—	23,785,900	—	23,785,900	11.53

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

2. Status of Officers

Not applicable.

Section 4 Accounting status

1. Preparation of Accounting methods for the Semi-Annual Consolidated Financial Statements

The Company's condensed Semi-Annual Consolidated Financial Statements have been prepared in accordance with International Accounting Standards Article 34 "Interim Financial Reporting" based on the Ordinance on the Terminology, Forms, and Preparation Methods of Semi-Annual Consolidated Financial Statements Article 312 (Cabinet Office Ordinance No. 28 of 1976).

2. Audit certification

The Company's condensed Semi-Annual Consolidated Financial Statements for Semi-Annual consolidated accounting period of the current fiscal year (January 1, 2024 to June 30, 2024) have been reviewed by Ernst & Young ShinNihon LLC based on the provisions of Article 193-2 Paragraph 1 of the Financial Instruments and Exchange Act.

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1. Condensed Semi-Annual Consolidated Financial Statements and Notes

(1) Condensed Semi-Annual Consolidated Statement of Financial Position

(Millions of yen)

	Notes	Previous fiscal year As of December 31, 2023	Semi-Annual Consolidated accounting period As of June 30,2024
Assets			
Current assets:			
Cash and cash equivalents		113,660	94,036
Trade and other receivables		120,069	127,238
Inventories		71,651	84,510
Other financial assets	10	88	1,106
Other current assets		8,288	13,468
Total current assets		313,756	320,358
Non-current assets:			
Property, plant, and equipment		401,687	386,605
Right-of-use assets		23,894	26,594
Intangible assets		63,819	63,013
Investments accounted for using the equity method		310	324
Other financial assets	10	11,898	12,378
Deferred tax assets		25,222	24,476
Other non-current assets		4,245	5,478
Total non-current assets		531,077	518,868
Total assets		844,832	839,226

(Millions of yen)

		Previous fiscal year As of December 31, 2023	Semi-Annual Consolidated accounting period As of June 30,2024
Liabilities and equity			
Liabilities			
Current liabilities:			
Trade and other payables		116,612	125,910
Bonds and debts	10	40,979	40,994
Lease liabilities		5,267	5,803
Other financial liabilities	10	1,111	839
Income taxes payables		4,176	1,189
Other current liabilities		29,297	17,121
Total current liabilities		197,443	191,855
Non-current liabilities:			
Bonds and debts	10	114,802	114,327
Lease liabilities		20,349	22,079
Other financial liabilities	10	15	99
Net defined benefit liabilities		19,856	21,110
Provisions		1,781	1,574
Deferred tax liabilities		16,757	16,616
Other non-current liabilities		3,809	4,238
Total non-current liabilities		177,369	180,043
Total liabilities		374,812	371,898
Equity:			
Capital stock		15,232	15,232
Capital surplus		451,389	451,375
Retained earnings	7	88,365	83,875
Treasury shares		(85,362)	(84,895)
Accumulated other comprehensive income		223	1,551
Equity attributable to owners of parent		469,847	467,138
Non-controlling interests		174	190
Total equity		470,021	467,328
Total liabilities and equity		844,832	839,226

(2) Condensed Semi-Annual Consolidated Statements of Income

【Semi-Annual consolidated accounting period】

(Millions of yen)

	Notes	Semi-Annual consolidated accounting period of previous fiscal year (Six months ended June 30, 2023)	Semi-Annual consolidated accounting period of current fiscal year (Six months ended June 30, 2024)
Revenue	8	404,109	411,455
Cost of sales		227,313	230,251
Gross profit		176,797	181,204
Selling and general administrative expenses		183,212	183,971
Other income	9	2,022	5,990
Other expenses	9	2,135	2,031
Investment income (loss) on equity method		(0)	14
Operating income (loss)		(6,529)	1,207
Financial income		277	287
Financial expenses		328	621
Income (Loss) for the period before income taxes		(6,580)	873
Income tax expense (benefit)		(2,648)	1,140
Net loss for the period		(3,932)	(267)
Net loss for the period attributable to			
Owners of parent		(3,947)	(297)
Non-controlling interests		15	29
Basic loss per share (yen)	11	(22.01)	(1.65)

【The Second quarter】

(Millions of yen)

	Notes	The second quarter of previous fiscal year (Three months ended June 30, 2023)	The second quarter of current fiscal year (Three months ended June 30, 2024)
Revenue		222,046	224,926
Cost of sales		123,990	125,164
Gross profit		98,056	99,763
Selling and general administrative expenses		95,211	94,683
Other income		714	292
Other expenses		921	1,094
Investment loss on equity method		(8)	(2)
Operating income		2,631	4,277
Financial income		107	157
Financial expenses		167	218
Income for the period before income taxes		2,571	4,215
Income tax expense		49	1,606
Net income for the period		2,522	2,609
Net income for the period attributable to			
Owners of parent		2,513	2,600
Non-controlling interests		9	9
Basic income per share (yen)	11	14.01	14.48
Diluted earnings per share (yen)	11	13.91	14.38

(3) Condensed Semi-Annual Consolidated Statements of Comprehensive Income

【Semi-Annual consolidated accounting period】

(Millions of yen)

	Notes	Semi-Annual consolidated accounting period of previous fiscal year (Six months ended June 30, 2023)	Semi-Annual consolidated accounting period of current fiscal year (Six months ended June 30, 2024)
Net loss for the period		(3,932)	(267)
Other comprehensive income			
Items that will not be reclassified subsequently to income or loss:			
Net changes in financial assets measured at fair value through other comprehensive income		920	890
Subtotal		920	890
Items that may be reclassified subsequently to income:			
Cash flow hedges		159	506
Subtotal		159	506
Total other comprehensive income for the period		1,079	1,396
Total comprehensive income for the period		(2,853)	1,128
Comprehensive income attributable to:			
Owners of parent		(2,868)	1,099
Non-controlling interests		15	29

【The Second quarter】

(Millions of yen)

	Notes	The second quarter of previous fiscal year (Three months ended June 30, 2023)	The second quarter of current fiscal year (Three months ended June 30, 2024)
Net income for the period		2,522	2,609
Other comprehensive income			
Items that will not be reclassified subsequently to income or loss:			
Net changes in financial assets measured at fair value through other comprehensive income		884	63
Subtotal		884	63
Items that may be reclassified subsequently to income:			
Cash flow hedges		91	201
Subtotal		91	201
Total other comprehensive income for the period		975	264
Total comprehensive income for the period		3,497	2,873
Comprehensive income attributable to:			
Owners of parent		3,488	2,864
Non-controlling interests		9	9

(4) Condensed Semi-Annual Consolidated Statements of Changes in Equity

Semi-Annual consolidated accounting period of previous fiscal year (Six months ended June 30, 2023)

(Millions of yen)

		Equity attributable to owners of the parent							
	Notes	Capital stock	Capital surplus	Retained earnings	Treasury shares	Accumulated other comprehensive income (loss)	Total	Non-controlling interests	Total
Balance as of January 1, 2023		15,232	451,264	94,209	(85,667)	1,177	476,216	142	476,358
Comprehensive income for the period									
Net income(loss) for the period		―	―	(3,947)	―	―	(3,947)	15	(3,932)
Other comprehensive income		―	―	―	―	1,079	1,079	―	1,079
Total comprehensive income for the period		―	―	(3,947)	―	1,079	(2,868)	15	(2,853)
Transactions with owners									
Dividends of surplus	7	―	―	(4,484)	―	―	(4,484)	―	(4,484)
Purchase of treasury stock		―	―	―	(3)	―	(3)	―	(3)
Transactions of share-based payment		―	294	―	―	―	294	―	294
Reclassification from accumulated other comprehensive income to retained earnings		―	―	(1)	―	1	―	―	―
Reclassification from accumulated other comprehensive income to non-financial assets		―	―	―	―	(237)	(237)	―	(237)
Total transactions with owners		―	294	(4,484)	(3)	(236)	(4,429)	―	(4,429)
Balance as of June 30, 2023		15,232	451,558	85,778	(85,669)	2,020	468,920	157	469,076

Semi-Annual consolidated accounting period of current fiscal year (Six months ended June 30, 2024)

(Millions of yen)

		Equity attributable to owners of the parent							
	Notes	Capital stock	Capital surplus	Retained earnings	Treasury shares	Accumulated other comprehensive income (loss)	Total	Non-controlling interests	Total
Balance as of January 1, 2024		15,232	451,389	88,365	(85,362)	223	469,847	174	470,021
Comprehensive income for the period									
Net income (loss) for the period		―	―	(297)	―	―	(297)	29	(267)
Other comprehensive income		―	―	―	―	1,396	1,396	―	1,396
Total comprehensive income for the period		―	―	(297)	―	1,396	1,099	29	1,128
Transactions with owners									
Dividends of surplus	7	―	―	(4,486)	―	―	(4,486)	(17)	(4,503)
Purchase of treasury stock		―	―	―	(4)	―	(4)	―	(4)
Disposal of treasury stock		―	(183)	―	471	―	289	―	289
Transactions of share-based payment		―	168	―	―	―	168	―	168
Reclassification from accumulated other comprehensive income to retained earnings		―	―	293	―	(293)	―	―	―
Reclassification from accumulated other comprehensive income to non-financial assets		―	―	―	―	225	225	―	225
Other		―	―	―	―	―	―	4	4
Total transactions with owners		―	(14)	(4,193)	467	(68)	(3,808)	(13)	(3,822)
Balance as of June 30, 2024		15,232	451,375	83,875	(84,895)	1,551	467,138	190	467,328

(5) Condensed Semi-Annual Consolidated Statements of Cash Flows

(Millions of yen)

	Notes	Semi-Annual consolidated accounting period of previous fiscal year (Six months ended June 30, 2023)	Semi-Annual consolidated accounting period of current fiscal year (Six months ended June 30, 2024)
Cash flows from operating activities			
Income (Loss) for the period before income tax benefit		(6,580)	873
Adjustments for:			
Depreciation and amortization		23,061	22,866
Impairment loss		94	304
Change in allowance for doubtful accounts (decrease)		(28)	43
Interest and dividends income		(126)	(79)
Interest expenses		323	390
Share of loss(income) of entities accounted for using equity method		0	(14)
Gain on sale of property, plant, and equipment		(1,646)	(5,501)
Loss on disposal and sale of property, plant, and equipment, and intangible assets		528	405
Increase in trade and other receivables		(13,405)	(7,236)
Increase in inventories		(15,293)	(12,859)
Increase in other assets		(3,465)	(6,441)
Increase in trade and other payables		17,108	11,860
Increase in net defined benefit liabilities		1,136	1,254
Decrease in other liabilities		(3,723)	(11,441)
Others		357	(266)
Subtotal		(1,659)	(5,841)
Interest received		0	1
Dividends received		125	78
Interest paid		(282)	(349)
Income taxes paid		(2,333)	(4,270)
Income taxes refund		1,963	1
Net cash used for operating activities		(2,185)	(10,380)
Cash flows from investing activities			
Payments for acquisitions of property, plant and equipment and intangible assets		(17,976)	(14,312)
Proceeds from sales of property, plant and equipment and intangible assets		2,921	9,583
Payments for purchases of other financial assets		(11)	(2)
Proceeds from sale of other financial assets		23	671
Others		5	(42)
Net cash used for investing activities		(15,038)	(4,103)

(Millions of yen)

		Semi-Annual consolidated accounting period of previous fiscal year (Six months ended June 30, 2023)	Semi-Annual consolidated accounting period of current fiscal year (Six months ended June 30, 2024)
Cash flows from financing activities			
Repayments of long-term loans payable		(500)	(500)
Repayments of lease liabilities		(2,590)	(3,174)
Proceeds from disposal of treasury shares		—	289
Payments for purchases of treasury shares		(3)	(4)
Dividends paid	7	(4,484)	(4,486)
Dividends paid to non-controlling interests		—	(17)
Proceeds from sale and leaseback		—	2,747
Others		—	4
Net cash used for financing activities		(7,576)	(5,141)
Decrease in cash and cash equivalents		(24,799)	(19,624)
Cash and cash equivalents at the beginning of the year		84,074	113,660
Cash and cash equivalents at the end of the period		59,276	94,036

Notes to condensed Semi-Annual Consolidated Financial Statements

1. Introduction

Coca-Cola Bottlers Japan Holdings Inc. (hereinafter referred to as "the Company") is a holding company located in Japan and listed on the Prime Market of the Tokyo Stock Exchange. Under the Coca-Cola brand, the Company and its subsidiaries (collectively the "Group") engage in the purchasing, sales, production, bottling, packaging, distribution and marketing of carbonated beverages, coffee beverages, tea-based beverages, mineral water, alcohol, and other soft drinks in Japan.

The Group's condensed Semi-Annual Consolidated Financial Statements consist of equities of the Company, subsidiaries, and associates. The condensed Semi-Annual Consolidated Financial Statements were approved by our Representative Director & President, Calin Dragan and our Representative Director, Vice President, and Chief Financial Officer (Head of Finance), Bjorn Ivar Ulgenes on August 7, 2024 and take into account events after the reporting period to that date (see Note 12, "Subsequent events").

2. Basis of preparation

The Company's condensed Semi-Annual Consolidated Financial Statements have been prepared in accordance with International Accounting Standards Article 34 "Interim Financial Reporting" based on the Ordinance on the Terminology, Forms, and Preparation Methods of Semi-Annual Consolidated Financial Statements Article 312 (Cabinet Office Ordinance No. 28 of 1976), upon meeting the requirements of a "designated international accounting standard specified company" as set forth in Article 1-2-2 of the aforementioned Ordinance.

Condensed Semi-Annual Consolidated Financial Statements should be used in conjunction with consolidated financial statements for the previous fiscal year as they do not include all the information required in the Annual consolidated financial statements.

Condensed Semi-Annual Consolidated Financial Statements are stated in Japanese yen. All condensed Semi-Annual Consolidated Financial Statements are rounded to the nearest million yen unless otherwise stated.

3. Material accounting policies

The material accounting policies applied by the Group in the condensed Semi-Annual Consolidated Financial Statements are the same as the accounting policies applied in the consolidated financial statements for the previous fiscal year.

Income tax benefit for first half of current fiscal year has been calculated on the basis of the Annual estimated effective tax rate.

4. Critical accounting judgments, estimates and assumptions

In preparing the condensed Semi-Annual 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

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

5. New accounting standard not yet adopted

As of the approval date of the Semi-Annual Consolidated Financial Statements, the following standard was newly issued but the Group has decided not to early adopt it. The Group is currently evaluating the impact of the adoption of this standard.

Standard	Standard name	Mandatory adoption (From fiscal years beginning on or after)	Scheduled adoption by the Group	Overview
IFRS 18	Presentation and disclosure in financial statements	January 1, 2027	Fiscal year ending December 31, 2027	New standard to replace IAS 1, the current accounting standard for the presentation and disclosure of financial statements.

6. Segment Information

The Group has a single segment as Beverage Business. Refer to Note 8 Revenue for the products and services of the reported segment.

7. Dividends

Dividend payments for the Semi-Annual consolidated accounting period of previous fiscal year and current fiscal year are as follows:

<u>Semi-Annual consolidated accounting period of previous fiscal year (January 1, 2023 – June 30, 2023)</u>

(1) Dividend payment amount

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

(2) Dividends with the cut-off date in the first half of FY 2023 and the effective date following the first half of FY 2023

Resolution	Type of shares	Total amount of dividends paid (Millions of yen)	Dividends per share (Yen)	Dividend record date	Effective date
August 9, 2023 Board of directors	Ordinary share	4,562	25	June 30, 2023	September 1, 2023

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

<u>Semi-Annual consolidated accounting period of current fiscal year (January 1, 2024 – June 30, 2024)</u>

(1) Dividend payment amount

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

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

(2) Dividends with the cut-off date in the first half of FY 2024 and the effective date following the first half of FY 2024

Resolution	Type of shares	Total amount of dividends paid (Millions of yen)	Dividends per share (Yen)	Dividend record date	Effective date
August 2, 2024 Board of directors	Ordinary share	4,562	25	June 30, 2024	September 2, 2024

Note The total amount of dividends includes 73 million yen for the Company shares held by Executive reward BIP Trust and Stock-granting ESOP Trust.

8. Revenue

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

In the beverage business, the Group purchases, manufactures, and sells carbonated beverages such as Coca-Cola, coffee beverages, tea-based beverages, mineral water, alcohol, and other beverages in Japan. Revenue for sales of these products is recognized primarily at the time of delivery as the customer has obtained control over the products and the performance obligation is satisfied.

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

(Millions of yen)

	Semi-Annual consolidated accounting period of previous fiscal year (Six months ended June 30, 2023)	Semi-Annual consolidated accounting period of current fiscal year (Six months ended June 30, 2024)
Revenue		
Revenue from contracts with customers		
Beverage	404,099	411,447
Other	11	8
Total	404,109	411,455

9. Other income and other expenses

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

(Millions of yen)

	Semi-Annual consolidated accounting period of previous fiscal year (Six months ended June 30, 2023)	Semi-Annual consolidated accounting period of current fiscal year (Six months ended June 30, 2024)
Other income		
Gains on sales of property, plant, and equipment (Note 1)	1,646	5,501
Rent income	109	89
Other	267	401
Total	2,022	5,990
Other expenses		
Impairment loss	94	304
Losses on sales and disposals of property, plant, and equipment	642	577
Transformation related expenses (Note 2)	1,287	1,067
Special retirement allowance (Note 3)	44	18
Other	69	64
Total	2,135	2,031

Notes
1. Gains on sales of property, plant, and equipment represent gains on sales of land and other assets for first half of previous fiscal year and current fiscal year.
2. 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 first half of previous fiscal year and current fiscal year.
3. Special retirement allowances are allowances and outplacement support expenses incurred in the implementation of the voluntary retirement program for first half of previous fiscal year and current fiscal year.

10. Fair value of financial instruments

(a) Classification by level of the fair value hierarchy

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

The fair value hierarchy is defined as follows:

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

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

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

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

There was no transfer between Level 1, Level 2, and Level 3 during the previous fiscal year and first half of current fiscal year.

(b) Fair value measurement

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

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

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

As of December 31, 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)

As of June 30,2024

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: 9.8 times PBR: 1.1 – 2.2 times	Estimated fair value increases (decreases) when equity indices of comparable listed companies of the target are high (low)

EBIT Multiple: Corporate Value/EBIT

PER: Price Earnings Ratio

PBR: Price Book Value Ratio

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

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

As of December 31, 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

As of June 30,2024

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instrument measured at fair value through profit or loss:				
Derivative assets	—	1,065	—	1,065
Subtotal	—	1,065	—	1,065
Financial instrument measured at fair value through other comprehensive income:				
Securities	5,051	—	2,967	8,018
Other	—	—	94	94
Subtotal	5,051	—	3,061	8,112
Total	5,051	1,065	3,061	9,177
Financial liabilities				
Financial instrument measured at fair value through profit or loss:				
Derivative liabilities	—	939	—	939
Total	—	939	—	939

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

(Millions of yen)

	Financial assets measured at fair value through other comprehensive income
Balance as of January 1, 2023	3,135
Disposals	(24)
Gains (Losses) recognized in other comprehensive income	452
Balance as of June 30, 2023	3,562
Balance as of January 1, 2024	3,013
Disposals	(29)
Gains (Losses) recognized in other comprehensive income	77
Balance as of June 30, 2024	3,061

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

(d) Financial instrument measured at amortized cost

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

As of December 31, 2023

(Millions of yen)

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

As of June 30,2024

(Millions of yen)

	Carrying amount	Fair value	Difference
Long-term loans payable and bonds	155,321	152,868	2,452

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

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

a. Loans payable

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

b. Bonds

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

11. Earnings per share

The calculation of basic earnings (loss) per share attributable to owners of the parent is based on the net income (loss) attributable to owners of the parent and the weighted-average number of common shares issued for Semi-Annual (second quarter) accounting period.

The basis for calculating the basic earnings (loss) per share for Semi-Annual consolidated accounting period and the second quarter is as follows:

	Semi-Annual consolidated accounting period of previous fiscal year (Six months ended June 30, 2023)	Semi-Annual consolidated accounting period of current fiscal year (Six months ended June 30, 2024)
Loss attributable to owners of parent (millions of yen)	(3,947)	(297)
Weighted-average number of common shares issued (in thousands)	179,339	179,540
Basic loss per share (yen)	(22.01)	(1.65)

Notes 1. "Diluted earnings per share" is not shown in first half of the previous fiscal year and current fiscal year, as 1,278 thousand shares and 1,244 thousand shares of share-based compensation have an antidilutive effect.

2. We have introduced Executive reward BIP Trust and Stock-granting ESOP Trust in first half of the previous fiscal year. 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 period for calculating the amount of basic loss per share. The weighted-average number of common shares deducted was 26,753 thousand shares and 26,728 thousand shares for first half of the previous fiscal year and current fiscal year.

	The second quarter of previous fiscal year (Three months ended June 30, 2023)	The second quarter of current fiscal year (Three months ended June 30, 2024)
Income attributable to owners of parent (millions of yen)	2,513	2,600
Weighted-average number of common shares issued (in thousands)	179,339	179,566
Increase in common shares		
Share of stock-based compensation (in thousands)	1,278	1,266
Diluted weighted-average number of shares (in thousands)	180,616	180,832
Basic income per share (yen)	14.01	14.48
Diluted earnings per share (yen)	13.91	14.38

Notes We have introduced Executive reward BIP Trust and Stock-granting ESOP Trust in the second quarter of the previous fiscal year. 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 period for calculating the amount of basic income per share and diluted earnings per share.

12. Subsequent events

Not applicable.

2. Others

At the Board of Directors held on August 2, 2024, it was resolved to provide the following interim dividend to shareholders or registered pledges recorded in the final shareholders' register on June 30, 2024

a. Total dividends through interim dividends: 4,562 million yen

b. Amount per share: 25 yen

c. Effective date of payment claims, and payment start date: September 2, 2024

Note The total amount of dividends includes 73 million yen of dividends for the Company's shares held by Executive reward BIP Trust and Stock-granting ESOP Trust.

Part II Information of guarantor companies of the filing company

Not applicable.