Annual Securities Report

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

Fiscal Year	From January 1, 2024
(67th Fiscal Term)	to December 31, 2024

Coca-Cola Bottlers Japan Holdings Inc.

(E00417）

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[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, 2025
[Fiscal year]	67th fiscal term (from January 1, 2024, to December 31, 2024)
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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 Hokokusho shall prevail.

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.

Part I. Corporate Information

Section I. Corporate overview

1. Changes in key management indicators

(1) Consolidated business indicators

Issuance		International Financial Reporting Standards				
		63rd	64th	65th	66th	67th
Fiscal year		December 2020	December 2021	December 2022	December 2023	December 2024
Revenue	(Millions of yen)	791,956	785,837	807,430	868,581	892,681
Net income (loss) for the year before income taxes	(Millions of yen)	(12,065)	(21,683)	(12,491)	3,224	12,896
Net income (loss) for the year attributable to owners of the parent	(Millions of yen)	(4,715)	(2,503)	(8,070)	1,871	7,309
Comprehensive income(loss) attributable to owners of the parent	(Millions of yen)	(2,214)	780	(5,005)	2,209	8,721
Equity attributable to owners of the parent	(Millions of yen)	501,643	492,320	476,216	469,847	466,203
Total assets	(Millions of yen)	939,603	867,111	826,737	844,832	804,153
Equity attributable to owners of the parent per share	(Yen)	2,797.03	2,745.12	2,655.38	2,618.49	2,623.62
Earnings (Losses) per share	(Yen)	(26.29)	(13.96)	(45.00)	10.43	40.76
Diluted earnings per share	(Yen)	—	—	—	10.36	40.48
Ratio of equity attributable to owners of the parent	(%)	53.4	56.8	57.6	55.6	58.0
Ratio of income to equity attributable of the parent	(%)	(0.9)	(0.5)	(1.7)	0.4	1.6
PER	(Times)	(61.2)	(94.6)	(31.9)	194.2	61.3
Cash flows from operating activities	(Millions of yen)	43,716	35,982	42,717	59,102	48,883
Cash flows from investing activities	(Millions of yen)	(52,076)	15,271	(23,090)	(14,287)	(16,128)
Cash flows from financing activities	(Millions of yen)	20,912	(67,134)	(46,050)	(15,229)	(57,942)
Cash and cash equivalents at the end of the year	(Millions of yen)	126,378	110,497	84,074	113,660	88,473
Number of the employees [Average number of temporary workers]	(People)	16,274 [4,008]	15,083 [3,777]	14,484 [3,416]	14,010 [3,163]	14,084 [2,888]

(Note)
1. Diluted earnings per share in the 63rd fiscal year is 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.
5. We have introduced an Executive reward BIP Trust and Stock-granting ESOP Trust from in December 2023, and the Company shares held by these trusts are recorded as treasury shares in the consolidated financial statements. Accordingly, the Company shares held by these trusts are included in the treasury shares to be deducted from the 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, Basic earnings (losses) per share, and Diluted earnings per share.

(2) Management indicators of the Company

Fiscal term		63rd	64th	65th	66th	67th
Fiscal year-end		December 2020	December 2021	December 2022	December 2023	December 2024
Operating revenue	(Millions of yen)	19,202	5,797	5,640	6,052	5,773
Recurring income	(Millions of yen)	14,345	1,201	1,869	1,301	1,332
Net income	(Millions of yen)	15,742	18,395	1,562	1,349	2,379
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	183,269
Net assets	(Millions of yen)	342,391	351,812	344,402	336,844	325,751
Total assets	(Millions of yen)	587,306	543,410	502,941	498,355	449,025
Net assets per share	(Yen)	1,909.09	1,961.66	1,920.38	1,877.26	1,833.21
Dividends paid per share	(Yen)	25.00	50.00	50.00	50.00	53.00
(Interim dividends paid per share)		(－)	(25.00)	(25.00)	(25.00)	(25.00)
Net profit per share	(Yen)	87.77	102.57	8.71	7.52	13.27
Diluted earnings per share	(Yen)	－	102.33	8.68	7.47	13.17
Ratio of equity to asset	(%)	58.3	64.7	68.5	67.6	72.5
Ratio of return on equity	(%)	4.7	5.3	0.4	0.4	0.7
PER	(Times)	18.3	12.9	164.9	269.3	188.2
Dividend payout ratio	(%)	28.5	48.7	573.9	664.9	399.5
Number of the employees [Average number of temporary workers]	(People)	－ [－]	－ [－]	－ [－]	－ [－]	－ [－]
Total Shareholder Return	(%)	58.5	50.0	56.0	78.8	97.6
[Comparative index: TOPIX Net Total Return Index]	(%)	[107.4]	[121.1]	[118.1]	[151.5]	[182.5]
Highest share price	(Yen)	3,070	2,131	1,655	2,186	2,519
Lowest share price	(Yen)	1,462	1,236	1,311	1,267	1,702

(Note)
1. Diluted earnings per share in the 63rd fiscal year is 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 in December 2023. 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.
Jan. 2024	NeoArc Inc., a joint venture with Accenture Japan Ltd. Established

3. Description of business

The Group’s corporate group consists of the Company, 12 subsidiaries, 1 affiliate with Beverage business as its primary operations.

In addition, The Coca-Cola Company is an “other 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.

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 sales of Coca-Cola and other 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.

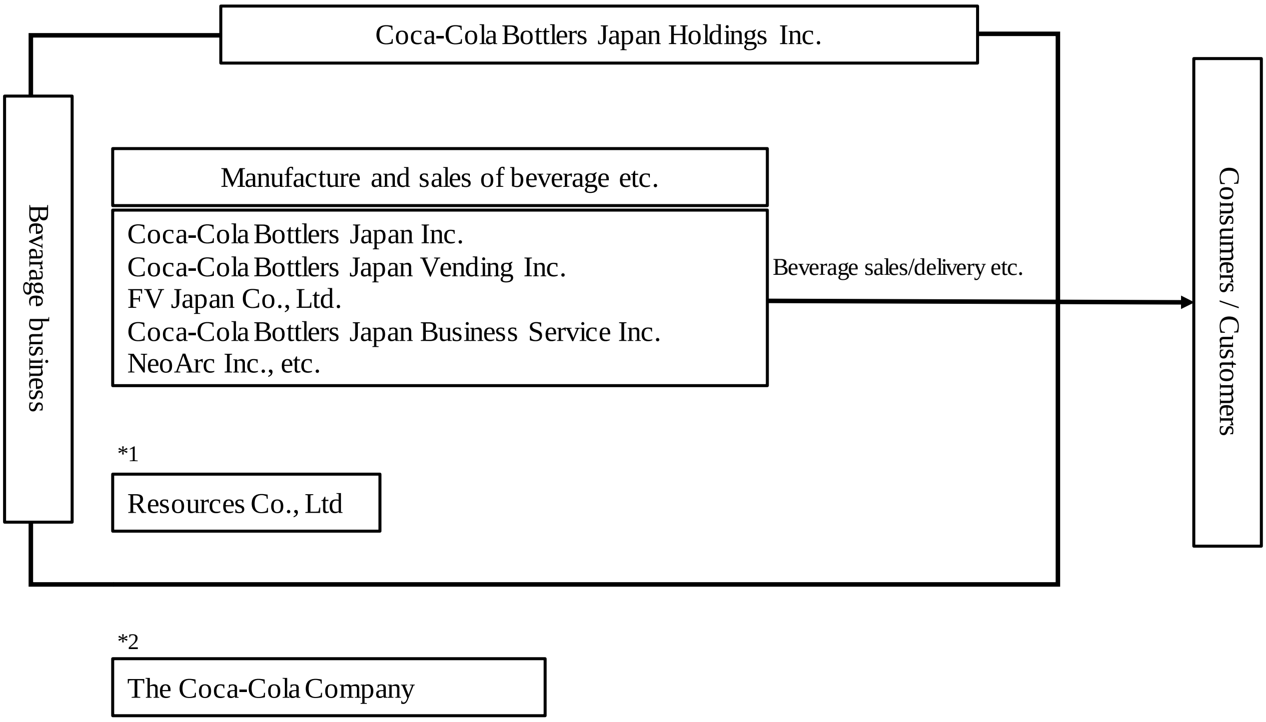
(Development, maintenance, and operations of information systems)

They are engaged by Coca-Cola Bottlers Japan Inc. and NeoArc 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.



(Note)

No mark : Consolidated subsidiary

*1 Equity method affiliate

*2 Other affiliated company

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)	Interlocking directorate: yes
NeoArc Inc. (Note) 1	Minato-ku, Tokyo	20	Back-office operations on consignment and development of computer systems	81.0 (81.0)	Interlocking directorate: yes
Other 7 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 is classified as specified 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	847,477 million yen
(2) Recurring income	10,545 million yen
(3) Net income	9,033 million yen
(4) Net assets	429,481 million yen
(5) Total assets	651,107 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	Relation
The Coca-Cola Company (Note) 1, 2	Atlanta Georgia U.S. A	1,760	Sales of beverages (including concentrate)	18.74 (18.74)	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, 2024

Segment	Number of employees
Beverage business	14,084 [2,888]
Total	14,084 [2,888]

(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 12,065 as of December 31, 2024. 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) (Note) 1

	Female manager ratio (%) (Note) 2			**Percentage of Male Employees Taking Childcare Leave (%)** (Note) 3			**Gender Wage Gap (%)** (Note) 2,4,5								
							All Employees			Permanent Employees			Non-permanent Employees		
	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024
Consolidated (The Company and Major Consolidated Subsidiaries)	6.6	7.4	9.2	67.5	83.3	103.8	71.7	73.1	75.7	84.0	84.2	87.5	87.2	88.7	92.3

Consolidated Subsidiaries Required Disclosure (Note) 6

	Female manager ratio (%) (Note) 2			**Percentage of Male Employees Taking Childcare Leave (%)** (Note) 3			**Gender Wage Gap (%)** (Note) 2,4,5								
							All Employees			Permanent Employees			Non-permanent Employees		
	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024
Coca-Cola Bottlers Japan Inc.	6.5	7.3	9.6	76.0	93.0	101.1	69.0	69.8	72.7	78.7	78.7	82.2	78.4	77.9	84.9
Coca-Cola Bottlers Japan Vending Inc.	0.0	0.5	1.1	57.3	75.2	106.8	69.0	68.4	68.5	78.7	79.1	82.7	108.6	108.5	104.6
FV Japan Co., Ltd.	2.5	2.6	2.4	100.0	- (Note) 7	100.0	49.5	51.2	50.1	69.2	64.5	62.3	94.8	97.1	99.7
Coca-Cola Bottlers Japan Business Services Inc.	14.5	15.8	6.1	76.9	75.0	100.0	69.9	70.5	62.9	84.7	84.2	82.1	89.9	99.3	95.9
NeoArc Inc. (Note) 8	-	-	16.7	-	-	100.0	-	-	75.4	-	-	78.3	-	-	67.4

(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., NeoArc Inc. (from 2024), 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 Labour 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).

   The percentage of male employees taking childcare leave = number of male employees who took childcare leave during the fiscal year ÷ number of male employees whose spouses gave birth during the fiscal year.

   The calculation is based on the above formula, and for example, if a male employee whose spouse gave birth in 2023 takes childcare leave for the first time in 2024, he will be included in the numerator, which may result in exceeding 100%.
4. Part-time workers are converted to a full-time worker equivalent based on their scheduled working hours.
5. 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.
6. The Company is a pure holding company, therefore the female manager ratio is not disclosed, as it is not in the scope of mandatory public announcement based on the provisions of the Act on Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015). Similarly, the percentage of male employees taking childcare leave is not disclosed, as it is not in the scope of mandatory public announcement 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).
7. 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 "－".
8. As NeoArc Inc. was established on January 4, 2024, only data for 2024 are disclosed.

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

We share our corporate message, "We bottle happy moments" with external stakeholders to highlight our core values and vision for the future.

Furthermore, we have published our mid-term business plan, Vision 2028, which outlines the business goals to be achieved over the next five years and the initiatives to drive them.

We strive to achieve Vision 2028, our mid-term business plan, by implementing activities based on our corporate philosophy.

(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 addition, we announced a comprehensive shareholder return program on November 6, 2024 to improve shareholder value including a revised dividend policy. We aim to achieve a consolidated dividend payout ratio of 40% or more and a consolidated dividend on equity (DOE) ratio of 2.5% or more in 2028, and during Vision 2028 period we introduce a progressive dividend, with the annual dividend per share to be maintained or increased each year over the previous year.

In 2025, we aim to achieve further profit growth based on the strong profit build-up of 2024 and will implement top-line growth strategies and transformation initiatives while building a solid foundation for long-term, stable profitability.

Therefore, we expect consolidated revenue for fiscal year 2025 to reach 906,100 million yen, an increase of 1.5% from the previous year, driven by a 0.5% sales volume growth along with improvements in wholesale revenue per case. Consolidated business income is expected to be 20,000 million yen, an increase of 66.0% from the previous year. Consolidated operating income is expected to be 18,000 million yen, an increase of 34.4% from the previous year. Net income attributable to the owners of the parent is expected to be 11,000 million yen, an increase of 50.5% from the previous year.

(3) Issues to be addressed by the Company

Regarding the outlook for the overall domestic NARTD beverage market, the market size in value is expected to increase in 2025 compared to 2024, driven by higher beverage prices following pricing revisions by beverage companies. However, volume is expected to decline slightly due to weaker consumer sentiment amid rising prices, the cycling of last year's record-breaking heat wave, and reduced demand due to price revisions. In addition, we expect the environment to remain challenging due to increasing cost pressures such as commodity and packaging prices, exchange rates, transportation, and personnel costs.

Under these circumstances, we have positioned the fiscal year 2025 as a "year of achieving both profit growth and strengthening foundation." We will implement top-line growth strategies and transformation initiatives to sustain our current profit growth trend while building a solid foundation for long-term, stable profitability.

In the Commercial area, we will implement top-line growth strategies centered on maximizing profits. This includes enhancing our core categories, strengthening our product portfolio by proposing optimal products according to drinking occasions, and further transform our vending channels through technology and process improvements. We will also thoroughly implement profit-oriented sales activities, such as pricing strategies that emphasize profitability, including price revisions and ROI-driven marketing initiatives. Additionally, we will strengthen customer relationships to build long-term partnerships. Regarding initiatives by channel, in the Vending channel, we continue to drive transformation by leveraging technology to implement top-line growth strategies, increase sales, and improve operational efficiency. This will involve optimizing product lineups based on profitability, improving vending machine visit routes productivity by enhancing business processes and networks, and investing in systems that support mid- to long-term profit growth. In the Over the Counter channel, we will work to expand sales floor presence by strengthening core products, offering optimal products and packaging to suit consumer drinking occasions, and developing digital marketing initiatives. We will also enhance customer engagement to achieve sustainable growth. In the Food Service channel, we will focus on delivering value to both customers and consumers while expanding the number of our products handled by existing customers and acquiring new business in growing categories across each region. In addition, we will continue to strengthen our collaboration with Coca-Cola (Japan) Company, Limited, reinforcing this strategic partnership as a key driver of future growth.

In the areas of manufacturing and logistics, we will continue to advance our supply chain network using technology and creating more sophisticated, data driven processes through our digital transformation. Promoting "local production for local consumption model" minimizes transport distance through manufacturing products in factories close to the place of consumption, thereby helping to mitigate transportation constraints. We will continue to increase manufacturing capacity through improved factory productivity, while building a flexible manufacturing system which is essential to become a demand driven and responsive supply chain. We will also work to improve the accuracy of our Sales and Operations Planning (S&OP) process. In addition, we will further strengthen our logistics network by implementing Integrated Distribution Centers (IDC) which will enable more effective inventory consolidation and deployment. Through these efforts, we will pursue total end-to-end optimization of the supply chain, aiming for stable and low-cost product supply. We will also work to improve ROIC through consolidation of sales and distribution bases, effective utilization of existing facilities, and optimization of product inventory.

In back office and IT, we will drive transformation by pursuing fundamental operational improvements, standardization, and automation of processes through available technologies. In addition, as part of our mid- to long-term strategy, we will build a new technology foundation to support sustainable growth by integrating IT systems and data across the company. Aligned with Vision 2028, we aim to optimize ROIC by enhancing capital efficiency through effective capital investment management and balance sheet improvements. We will also focus on advancing sustainability strategies and human capital management, ensuring long-term growth.

2. Our Approach to Sustainability and Initiatives

The approach and initiatives taken by the Group to ensure sustainability are as follows. Forward-looking statements in the text are based on the current judgment of the Group as of the end of the consolidated fiscal year under review.

(1) Overall Sustainability Governance

In January 2023, Sustainability Committee was newly established by the Group to strengthen its structure for setting forth the policies and strategies on various challenges including climate change and biodiversity based on its non-financial CSV Goals. In this committee, the members of the Executive Leadership Team (ELT) discuss sustainability issues and promptly provide feedback to all the relevant functions on what they decide as the direction and strategies to ensure thorough implementation and facilitation of activities to be conducted by each to ensure sustainability. Topics discussed at this committee in 2024 included mitigation of and adaptation to climate change and the Task Force on Nature-Related Financial Disclosures (TNFD). The Board of Directors also places significant emphasis on sustainability-related risk measures and considers risk selection and growth potential when formulating management policies.

(Sustainability Committee promotion system established within the Group)

Sustainability Committee operations

Chairperson	Representative Director, President and CEO
Member	Primarily composed of ELT* members and depending on the agenda, related executives may also participate
Agenda	Policies and strategies on various sustainability-related issues, particularly climate change areas and biodiversity conservation
Frequency	Quarterly
Reporting	• Details of implementation are reported to the Board of Directors in the Business Execution Report. • Agenda items requiring resolution are referred to the Board of Directors

*An abbreviation for Executive Leadership Team. Management organization in CCBJI Group including CEO and function heads

(2) Overall Sustainability Strategy

The Group's mission is to "deliver happy moments to everyone while creating value." Regarding the value creation, the Group positions Creating Shared Value (CSV) as the cornerstone of its management and the foundation of its sustainability strategy, through which efforts are made to create and enhance both its economic value through business growth and its social value through the resolution of social issues.

In promoting its sustainability strategy, the Group determined that it was necessary to respond to changes in the social environment, and identified 13 issues to be addressed in 2023, defining them in the context of the Group's materiality. To prepare a materiality map that serves as the indicator of the relative importance of these 13 material issues, hearings with ESG-related investors, NGOs, and local governments were conducted as well as with the management team, including the President and CEO, along with an employee survey for the purpose of scoring and weighing the importance of each of these issues. The materiality map was designed to show the "importance to stakeholder" as the social axis based on the scores resulting from the hearings with external experts and the analysis of various reports, and the "importance to the Group" as the business axis based on the scores resulting from the hearings with the management team and the outcome of the employee survey. The scores gained for each of the identified material issues were plotted along the axes of importance to the stakeholders and to the Group to reflect their relative importance on the materiality map. Through this process, it became evident that there were three issues of particular importance to both the stakeholders and the Group which are: Packaging and recycling (circular economy); Mitigation of and adaptation to climate change; and Employee development & wellbeing.

(The Group's 13 Materialities and Definitions)

	Material issues	Definition
People	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 employees' safety and their physical and mental well-being by measures such as enhancing their work-life balance.
	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.
Natural environment	Packaging and recycling (Circular economy)	We will work on activities such as light-weighting, horizontal recycling, and waste reduction. 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.
	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.
Communities	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.
	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.
Foundation	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) Overall Sustainability Risk Management

Information on risk management related to overall sustainability is described in detail under "3. Risk factors (1) Risk management structure of the CCBJH Group."

(4) Overall Sustainability Metrics and Targets

Based on the materiality, the Group has established more specific non-financial targets as the "CSV Goals," and is implementing initiatives to build its business and a society that are sustainable, while continuously working to fulfill its mission. These initiatives are being carried out across the Group's value chain and are regularly reviewed to ensure that they are making steady progress toward achieving the defined targets.

CSV Goals and Achievement to Date

	Materiality	Item	Target ※3	2024 Actual ※4
People	Diversity, equity, and inclusion	Female managers ratio	10%	9.2%
		Female managers ratio (by 2030)	20%	
Natural environment	Packaging and recycling (Circular economy)	Percentage of use of sustainable materials*1 (by 2030)	100%	43%
		Percentage of products using sustainable materials* (based on number of products sold)	100%	80% higher
		Further lightweight PET packaging by 2030 (compared to 2004)	35%	30% higher
		Collection percentage compared to sales volume (by 2030)	100%	92.5% ※2
		Extensive partnerships across industry and environmental organizations by 2030		
	Conservation of water resources	Water source replenishment rate Focus on watersheds near our plants	200%	396%
		Water usage reduction by 2030	30%	23%
	Mitigation of and adaptation to climate change	Greenhouse gas reduction - Scope 1, 2 (by 2030)	50%	19%
		Greenhouse gas reduction - Scope 3 (by 2030)	30%	25%
		Net zero greenhouse gas emissions (by 2050)		
		Promotion of renewable energies		
Communities	Healthy products and services	Zero/low-calorie options for core brands	100%	100%
		FOSHU/functional product growth (compared to 2016)	300%	347%
		Front-of-pack calorie label and straightforward nutritional information	100%	100%
	Contribution to local community development	Employee volunteer participation rate	10%	20.6%
		Total number of participants in community programs	1 million people	1.05 million people
Foundation	Sustainable supply chain	Adherence to Supplier Guiding Principles across the CCBJH Group value chain	100%	100%
		Sustainable sourcing	100%	100%
		Observation of The Coca-Cola System's Responsible Marketing Policy	100%	100%

(Note)
1. A total of recycled PET materials from bottle-to-bottle recycling and plant-derived PET materials
2. PET bottle collection rate (Source: The Council for PET Bottle Recycling "Annual Report on PET Bottle Recycling for 2024")
3. Baseline year is 2015 and target year is 2025 unless otherwise stated
4. Data on activities to address climate change are based on actual results achieved in 2023

(5) Initiatives Based on the TCFD Recommendations

The Group regards mitigation of and adaptation to climate change as one of its materiality and aims to reduce 50% of its greenhouse gas (GHG) emissions in Scope 1 and 2 and 30% in Scope 3 by 2030 (compared to 2015 levels). The Group also aspires to achieve virtually zero GHG emissions by 2050. In February 2022, the Group endorsed the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and intends to continue promoting actions to reduce GHG emissions through its participation in the TCFD Consortium and Climate Change Initiatives, and also by joining the GX League in 2023.

1) Governance

Information on governance related to climate change is described in detail under (1) Overall Sustainability Governance.

2) Strategy

The Group's risk analysis identified climate change as one of its most important issues. In particular, the Group determined that a more detailed analysis of climate change was necessary and began analyzing scenarios from 2022. The analysis focused on the beverage business, which is the Group's main line of business, and was conducted on the basis of two scenarios: the 1.5/2°C scenario and the 4°C scenario. The following table shows the world view of each temperature range and the reference scenarios.

	1.5/2°C	4°C
Worldview	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 scenarios	IEA: NZE, SDS IPCC: RCP1.9, 2.6, 4.5	IEA: STEPS IPCC: RCP8.5

In 2023, the target years of the scenarios used for the analysis have been extended to 2030 and 2050, and a quantitative analysis was conducted again to re-identify the material risks and opportunities, including items that were deemed to be of minor issues and excluded from the analysis in 2022. Described below are the main risks and opportunities that have been re-identified. When disclosing the information on expected impact, the years 2030/2050 are stated only for those estimates that are considered to be relatively reliable. Measures to address the re-identified risks and opportunities under multiple scenarios have been examined with the aim to minimize risks and maximize opportunities. They are reflected in the Group's management strategy and strategic business plan Vision 2028 and are also incorporated into the annual plans to mitigate the risks and maximize the opportunities arising from climate change.

3) Risk Management

Information on risk management related to climate change is described in detail under “3. Risk factors (1) Risk management structure of the CCBJH Group.”

The Group has a risk management system in place that identifies risks that could have a significant impact on the Group' s financial position, operating results, and cash flows based on the prospective likelihood of future occurrence and severity of impact, with climate change being considered one of the major risks. With regard to climate change, the Group has determined that a more detailed analysis is necessary and has conducted a scenario analysis on the risks and opportunities related to climate change in 2022 and 2023 to assess the potential severity of its impact. These risks and opportunities have been classified into transition risks (policy, reputation, technology, market), physical risks (acute, chronic), and opportunities (products and services, markets, energy sources, resource efficiency, resilience) and prioritized based on likelihood of occurrence and impact when they do occur.

Definition			
Impact	High: 10B YEN + Middle: 1-10B YEN Low: below 1B YEN	Time of occurrence	Short：Possible to occur by 2025 Mid：Possible to occur by 2030 Long：Possible to occur by 2050

Transition Risks

Transition risks of high importance	Details	Impact	Time of occurrence	Main mitigation plans
Cost increase 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	Mid・Long-term	■ Active adoption of recycled materials, promotion of weight reduction ■ Reduction of raw material consumption through lighter containers/packages, etc.
Cost increase 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)
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 term	■ Expansion of products in accordance with sustainable procurement ■ Promote environmentally friendly products (e.g., 100% recycled PET/labelless)
Cost increase 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 term	■ SBT certification and participation in RE100 (Under consideration) ■ Proactive and continuous disclosure and dissemination of information based on TCFD・TNFD-related and other factors

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 term	■ 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 (*1) ■ Strengthening of S&OP (*2) response
Raw material procurement risk due to extreme weather conditions	■ Increase in procurement costs of agricultural produce and other raw materials	Medium	Short・Mid term	■ Diversification of procurement sources ■ Collaboration with suppliers (e.g., development of agricultural methods)

*1 WUR (Water Use Ratio)
*2 S&OP (Sales and Operations Planning)

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 and GHG reduction	■ 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
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

4) Metrics and targets

Metrics and targets related to climate change are described under (4) Overall Sustainability Metrics and Targets.

(6) Initiatives Based on the TNFD Recommendations

The Group defines in its environmental policy that it has a crucial responsibility to make effective use of natural resources, including water, which is indispensable for its business activities, and to pass on the global environment to future generations in a sustainable manner. As a business entity that uses water, it is essential for the Group to conserve forests, grasslands, other watersheds and ecosystems. As part of the non-financial CSV Goals, the Group is working to sustain biodiversity by promoting the conservation and replenishment of water in priority areas with an aim to maintain its water source replenishment capacity as well as to reduce and increase the efficiency of its water usage.

In December 2022, the Group endorsed the initiatives of the Taskforce on Nature-related Financial Disclosures (TNFD) and became a participant of the TNFD Forum. As an initial disclosure based on the TNFD recommendations, the Group is also working to identify priority areas related to water resources and biodiversity by analyzing business risks and opportunities related to nature using TNFDv1.0 released in September 2023 as a reference.

1) Governance

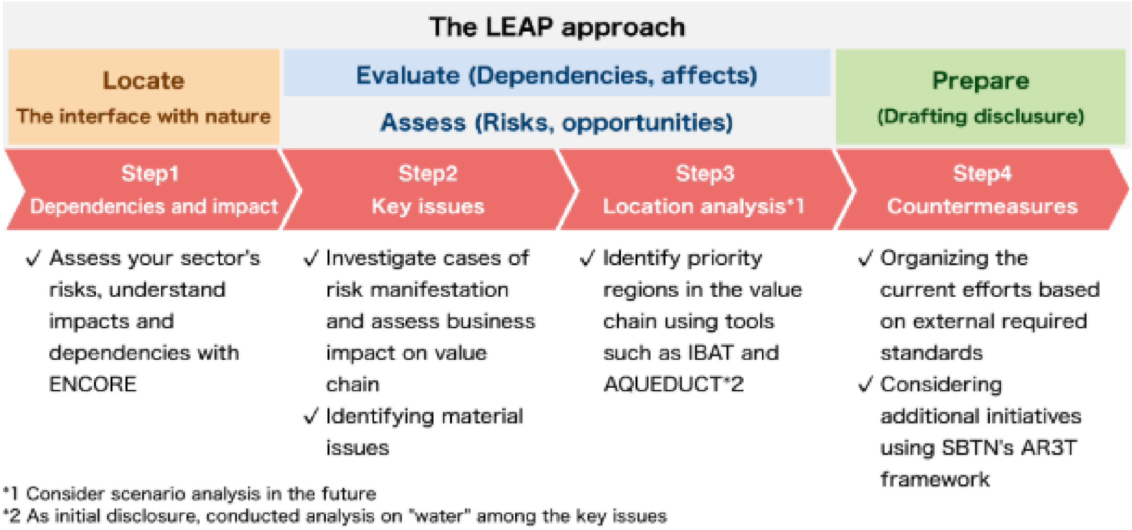
Information on governance related to climate change is described in detail under (1) Overall Sustainability Governance.

Recognizing the TNFD's mandate to account for the rights of all stakeholders, including local communities, we have identified these communities as significant stakeholders within our Human Rights Policy, acknowledging their potential to be affected by our operations. We are committed to fostering open communication and collaboration with stakeholders, ensuring their insights are integrated into our business operations. Furthermore, we enforce compliance with our Supplier Guiding Principles (SGP), which reflect our core values concerning human rights, environmental protection, and labor standards, thereby ensuring the promotion of human rights throughout our supply chain.

2) Strategy

i) Risk and impact management

The Group has identified sustainable conservation of biological resources as one of its material issues and places high importance on responding to the TNFD. Based on the TNFD recommendations released in September 2023, the Group has adopted the LEAP approach, a study framework recommended by the TNFD, to assess nature-related risks and opportunities and determine which of these nature-related risks are relevant to its business. Through this approach, the Group has identified potential nature-related risks across its entire value chain by reviewing the specific risk cases on nature-related topics that are closely related to its business. This has allowed the Group to study and assess the severity of the potential impact of these risks on its business and identify the key issues for its business based on the results of this study and assessment. It was then followed by an analysis to identify the priority areas, focusing on the theme of water resources.

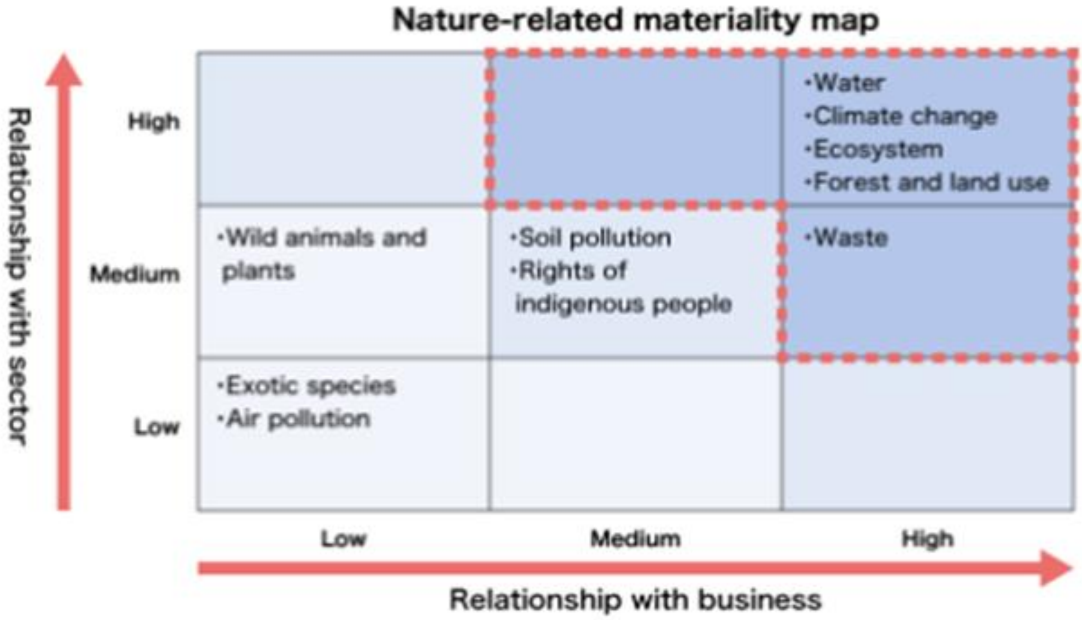


The water risk assessment for the above analysis was conducted using publicly available tools such as AQUEDUCT and IBAT (Integrated Biodiversity Assessment Tool) of the World Resources Institute (WRI).

The Group has implemented a business resiliency program that includes enterprise risk management (ERM), which enables the Group to manage risks and opportunities, as well as preventative and reactive activities that support business growth while responding to and recovering from adverse events. Information on the Group's risk management system is described in detail under "3. Risk factors (1) Risk management structure of the CCBJH Group."

ii) Identifying Key Issues

To identify the key nature-related issues, the Group assessed the sector's dependence and impact on nature using ENCORE. The Group also studied cases in which nature-related risks with significant impacts on the business had materialized and selected raw materials and container packaging materials for key products using the SBTN High Impact Commodity List as a reference. This process allowed for an assessment of the relative importance of nature-related risks and the creation of a materiality map. As a result, five nature-related material issues were identified: water, climate change, surrounding ecosystems, forests and other land use, and waste.



3) Identified Key Risks and Opportunities

Outlined below are the potential risks to financial planning caused by rising costs and supply instability associated with the five key issues that have been identified, including water. The Group also found that there are potential opportunities to contribute to biodiversity conservation through enhanced traceability, advanced technological developments, and eco-friendly product offerings. Furthermore, after a close examination of nature-related risks and their high impact items, no risks were identified that could have an immediate material impact on the Group's business, strategy, or financial plans at this time.

Definition			
Impact	High: 10B YEN + Middle: 1-10B YEN Low: below 1B YEN	Time of occurrence	Short：Possible to occur by 2025 Mid：Possible to occur by 2030 Long：Possible to occur by 2050

Transition Risks

Transition risks of high importance	Details	Time of occurrence
Introduction/strengthening of regulations	●Responding to disclosure requests and sales regulations regarding raw materials that can lead to deforestation and forest degradation ●Response to plastic regulations (reducing plastic waste emissions, recycling, etc.) ●Possibility of introducing/strengthening restrictions on water intake from important biodiversity areas	Short・Mid-term
Increase in procurement costs	●Protest activities related to the impact on surrounding ecosystems and deforestation caused by plantation and mine development have become active, and raw material procurement costs have increased as a result of the response. ●The coastal ecosystem becomes serious due to the outflow of pollutants (fertilizers, pesticides, etc) discharged from farms, and the costs of raw material procurement increase due to countermeasures ●Procurement costs rise due to the introduction of a groundwater tax and requests for cooperation funds for water replenishments	Long-term
Supply instability	●The production of raw materials decrease due to the effects of drought and otherplants, make the supply unstable ●If water pollution at farms or mines has a significant impact on groundwater resources or aquatic ecosystems, the supply will become unstable due to business suspension orders ●Water intake problems occur due to inappropriate wastewater treatment, water leakage accidents, and leakage of hazardous substances at plants	Mid-term
Development and dissemination of technologies with low environmental impact	●Costs related to package recycling and technological development to reduce water usage on farmland will be incurred ●Costs related to the development of equipment and technology for water conservation and wastewater treatment at plants will be incurred	Mid-term
Criticism from consumers and society	●If water intake in areas with high water stress affects local communites, orders to stop water intake or boycotts may occur ●Insufficient environmental measures to deal with wastewater impacts, excessive water intake, deforestation, etc at supplier farms can lead to reputational damage and brand damage ●Increasing criticism from NGO groups regarding plastic pollution, may lead to reputational damage and brand damage	Short-term
Evaluation from investors	●Divestment occurred from investors and financial institutions concerned about lack of consideration for the ecosystem ●Lower ESG rating due to inability to meet criteria related to biodiversity by external rating agencies	Short-term
Occurrence of compensation	●If excessive water intake or inappropriate wastewater treatment affects the surrounding ecosystem or local communities, production may be halted compensation may be occurred	Short-term

Physical Risks

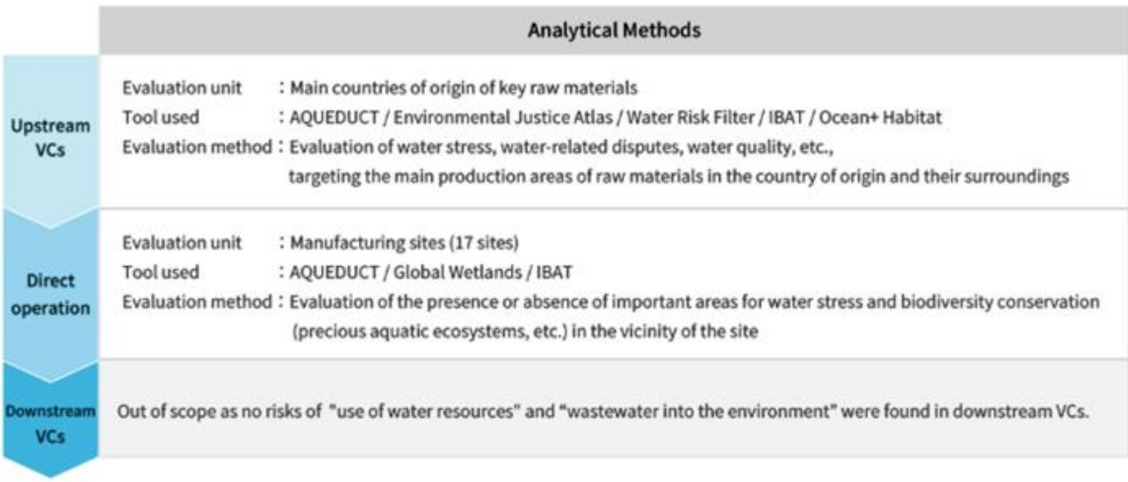
Physical risks of high importance	Details	Time of occurrence
Increase in natural disasters	●Water disasters such as leakage of hazardous substances due to flooding and inundation can lead to equipment damage and plant shutdowns	Short-term

Opportunities

Opportunities of high importance	Details	Time of occurrence
Popularization of efficiency solutions	●Reduce compliance costs by strengthening traceability and obtaining certification for raw materials with high nature-related risks ●Improve market reputation due to environmental measures taken at supplier farms and adoption of packaging materials with low environmental impact ● Reduce production costs by increasing the sophistication of cascade use of water resources	Mid-term
Improving market evaluation	●Improve ESG ratings and market evaluation by formulating business strategies consistent with international guidelines ●With the expansion of ESG investment and funds, consideration and contribution to the ecosystem will be evaluated in the capital market, giving an advantage in financing and improving corporate value	Mid-term
Obtaining R&D funds	● Possiblilty to raise funds through sustainable finance, etc. to conserve ecosystem, when proceeding with the development of new technologies and advanced recycling technologies	Long-term
Capturing ethical consumption demand	●Increase in revenue due to the development of products that contribute to biodiversity and an increase in the provision of sustainable certified products	Long-term
Evaluation from consumers and society	●By developing and providing advanced responses to biodiversity risks and products that contribute to biodiversity, increase our reputation with consumers and society, and improve our corporate brand	Mid-term

i) Water Resources Location Analysis

Among the five key issues that have been identified, the Group conducted a value chain location analysis on "water," which is the most important natural resource for its business, to examine the challenges related to water in further depth. For the location analysis, publicly available tools were used to identify the priority locations by assessing the risks related to water and biodiversity in sourcing countries and business sites with respect to their use of water resources and discharges of wastewater into the environment. The analysis was focused on direct operations and upstream of the value chain, as no risks were identified at the downstream and were therefore excluded from the scope of the analysis.



ii) Water resource utilization and wastewater discharge

The Group assessed the use of water resources in the watersheds surrounding its 17 plants in Japan and the potential water resource risks using AQUEDUCT, the wetland database Global Wetland and IBAT. The results of this assessment showed no high association with water-related issues at any of its plants. In addition, another assessment was conducted, focusing on biodiversity related to water resource use within a 25 km range upstream and wastewater discharge within a 70 km range downstream. Through this assessment, 10 manufacturing sites were identified as being located in close proximity to important ecosystems. The Group is in the process of studying appropriate measures to conserve the watersheds surrounding these plants, which include water source replenishment activities, reduction of water consumption, and enhancement of water management.

iii) Upstream in the Value Chain: Corn and Sugarcane

The Group also conducted a location analysis for corn and sugar cane, which are the primary raw materials for its products. Cultivation and processing of these crops requires a lot of water, which may cause resource depletion in areas with scarce water resources. AQUEDUCT was used to assess the areas of high water stress, considering that climate change may also have an impact on these areas.

iv) Wastewater Discharge

Particularly for sugar cane grown on islands, it has been pointed out that fertilizer and pesticide runoff can have a negative impact on coral reef ecosystems in coastal areas. Therefore, Water Risk Filter and Ocean+ Habitat were used to conduct an assessment of water pollution risk and marine ecosystem protection zones to identify priority areas for conservation.

4) Metrics and Targets

Among the TNFD's core disclosure metrics, the Group has been disclosing its GHG emissions. The Group has conducted a water risk assessment on water intake and consumption in water-stressed areas and found that none of its manufacturing sites pose a high risk.

In addition, the Group has set its non-financial “CSV Goals” in which it aims to promote sustainable raw material procurement and ensure 100% compliance with the Supplier Guiding Principles. In order to promote the conservation of its water resources, the Group has also laid out the targets to “reduce water usage by 30% by 2030 (compared to 2015)” and “sustain 200% water source replenishment until 2025.” As part of its commitment to conserve water resources, the Group has concluded agreements with local governments and forestry cooperatives in the water source areas of all 17 plants to strengthen the collaborative efforts with local communities. It is also worth noting that in 2024, the water source replenishment rate significantly exceeded the targeted level. The Group intends to continue its efforts to expand the scope of information disclosure through detailed analysis and extensive data collection.

(7) Approach and initiatives for human capital and diversity

In our strategic business plan Vision 2028, "strengthening human capital" is positioned as important foundation. In order to strengthen our human capital, we believe it is crucial to achieve our future state that is, "strengthening people and organization" and "fostering a culture that promotes employee well-being" closely together.

To achieve this, we renew our People Strategy, and this new strategy was put into practice from 2024. Our new People Strategy will contribute to sustainable growth in profits through our vision for people, organization, and culture, thereby achieving goals in Vision 2028.

1) Governance

In order to strengthen human capital and achieve Vision 2028, at regular meetings of our executive leadership team, approximately a quarter of the meeting time is devoted to discussing human capital. In addition, we set four KPIs related to strengthening human capital as targets for executive officers (female manager ratio, percentage of male employees taking childcare leave, level of achieving training plans for executive leadership team successors, and percentage of improvement in engagement scores). Our executive leadership team is committed to People Strategy, and the entire company is working together to achieve the targets.

2) Priority areas of our People Strategy

In order to achieve our goals in Vision 2028, the challenges facing our business have been identified through interviews and analysis, and we are addressing five priority areas that are of particular importance.

i) Securing a front-line workforce

ii) Fostering performance-driven culture

iii) Developing talent

iv) Promoting diversity, equity, and inclusion (DE&I)

v) Promoting well-being

<Initiatives in 2024>

i) Securing a front-line workforce

Given the growing labor shortage across the country, we have been facing challenges in securing a sufficient front-line workforce. In 2024, we prioritized addressing this issue and supported business performance improvements through a human resources perspective.

Every year, our manufacturing plants face the labor shortages problems to cover increased production volumes during the busy summer season, and in order to fill these vacancies, working together with the manufacturing managers, we reviewed recruitment activities. To have more job applicants, we improved our relationships with recruitment agents and renewed our recruitment materials, and at the same time, we improved recruitment processes, such as shortening the lead time from start to the end of the hiring process. With these measures, the number of applicants increased to 233% compared to previous year (from 1,251 people to 2,919 people) by the busy season (January to October) in 2024. As a result, the vacancy filling rate improved to 98% by November 1, 2024, up 3 points from previous year. In addition to these recruitment enforcement measures, in 2025, we will strive to improve retention rates, aiming to become a “workplace of choice” by promoting employee well-being and the working environment.

ii) Fostering performance-driven culture

To achieve Vision 2028 and sustainable growth of the Company, we need a mindset and culture that enjoys new challenges and growth, and also, managers are required to evaluate employees fairly to encourage individual growth. We support employees to demonstrate strong ownership over personal development and career, and by implementing a thorough evaluation and compensation system focusing on both individual and organizational performance, we ensure to achieve employees’ growth as well as the Company’s targets.

Continuing from the previous year, we held training program for managers responsible for employee development and evaluation to equip them with fair development guidance and evaluation skills. In 2024, we have further incorporated unconscious bias training program. In addition, to encourage employees to understand that their compensation is commensurate with their own performance and to increase their motivation, we introduced a total compensation statement that clearly shows employees their total compensation, which includes salary, bonuses, and welfare benefits.

We will continue to operate effective performance management processes to ensure that each individual’s active role in their jobs contributes to the achievement of organizational goals, and that fair and highly satisfying evaluations, promotions, and compensation are based on performance.

iii) Developing talent

We are promoting measures to strengthen our human capital through accelerating talent development capable of driving our business strategies and leading transformation, and by encouraging each employee to take the initiative in learning on their own.

・Strengthening executive leadership team succession plans: From 2024, the achievement level of successor development plans are added to the targets of executives. The executives took responsibility for selecting and developing talent that will become successor, and the achievement level in 2024 was 92%. Going forward, we will continue to strengthen our human capital that supports our sustainable organizational growth, along with strengthening succession plans and also with hiring talent with capabilities that we do not have within the company.

・Implementing a transformational leadership training program: A transformational leadership training program, Coca-Cola University Japan (CCUJ), is held at five leadership levels based on job position (the next generation of prospective management executives, department managers, section managers, mid-career talent, and young talent). Since the program was established in 2020, a total of 485 participants are now actively working in various transformation projects in their respective fields.

・Promoting employee proactive learning: In response to employees’ desire for self-development, we offer a variety of educational opportunities as well as a program called “Knowledge Mall”, which supports employee’s individual career development and skill development. In this program, we offer more than 500 courses consist of contents including digital transformation, online English conversation, and business school subjects, with tuition fees partly subsidized by the company. We are committed to ensuring that each employee has growth opportunities that suit their individual needs and timing, and a total of 3,300 employees took advantage of this program in 2024.

・Initiatives to improve English skills: We offer the Global English Transformation (GET), English proficiency program for employees in order to absorb further knowledge from outside Japan and apply it to our daily activities and business growth. In 2024, 218 employees participated in this program, and through the six-month intensive program, they steadily improved their English skills by competing with and encouraging each other.

iv) Promoting DE&I

Our mission is to "deliver happy moments to everyone while creating value." To achieve this, what we cherish most is that each and every employee works happily in a fair culture.

・Gender: In 2024, the female manager ratio, an important indicator of women' s active engagement in professional life, reached 9.2% (an increase of 1.8% from previous year). Even in workplaces such as manufacturing, logistics and sales, where men have traditionally dominated, we will continue our effort towards achieving our goal of 20% by 2030 by setting target ratios of female managers for each fiscal year as the target of executives and promoting specific training and hiring plans. In addition, as part of measures to improve skills and mindsets, along with training for female managers and candidates for female managers, we provide training for employees to encourage them to understand the importance of promoting DE&I, and also, for supervisors, training sessions to learn skills for fair evaluation and development of subordinates, thereby, creating a more comfortable working environment.

・The percentage of male employees taking childcare leave: In order to achieve 2025 target of 100%, we executed measures both in terms of institutions and workplace environment in 2024. In terms of institutions, we made it mandatory for employees to use three days paid spousal childbirth leave, and also set the usage percentage as the target of executives. In terms of the workplace environment, we worked on fostering a culture that makes it easier for employees to take childcare leave using the opinions from male employees who were eligible for childcare leave in the past two years. For example, in response to the opinion that "it's easier to take leave if colleagues understand the situation", we introduced training for managers to cultivate awareness of supporting each other within a team. As a result, the percentage of male employees taking childcare leave in 2024 reached 103.8% (for the calculation method, refer to "*3" of "(4) Female Manager Ratio, Percentage of Male Employees Taking Childcare Leave, and Gender Wage Gap Note 1" in I. Overview, 5. Employees), achieving the 2025 target one year ahead of time. In 2025, paid spousal childbirth leave will be extended from three days to five days. In addition, we will set up a system in each organization to assign substitute staff to replace employees taking childcare leave, to create an environment in which it is more comfortable for male employees to take leave.

・Employees with Disabilities: As of the end of December 2024, we have 308 employees with disabilities working in a variety of positions at many sites. We offer a wide variety of tasks, including laundry, handling mail, and data entry, allowing employees to demonstrate their individual traits and abilities, and we also support the activities of the Paralympic and Deaflympics athletes. In addition, as a new initiative, in 2024, we established "Uni-Lab" at our headquarters Roppongi office. They mainly engage in tasks using computer skills and executing work as a team by dividing up and collaborating on tasks requested by other departments based on each member's area of expertise, experience, and aptitude.

The employment rate of people with disabilities is 2.74% as of December 31, 2024 (2.59% as of June 1, 2024, the reference date for calculating the statutory employment rate of people with disabilities; up 0.17% from previous year). In January 2025, EQ Operation Preparation Company was established as a joint venture company (which changed its name to onEQuest Co., Ltd. in January 2025), and organizations employing many members with disabilities will leave the Group. In addition, there will be a change in the exclusion rate of statutory employment rate in April 2025, making it necessary for us to employ more people with disabilities. Going forward, we will continue to expand employment opportunities for people with disabilities and promote the creation of an environment where individuals with diverse personalities can work together.

v) Promoting well-being

In order to achieve goals in Vision 2028, we believe it is important to achieve our future state, that is, "strengthening people and organization" and "fostering a culture that promotes employee well-being" closely together. We define well-being with five elements: physical, career, social, financial and community, and in 2024 we addressed physical well-being as our top priority.

・Promoting health: We believe health and safety are not just individual issues but organizational issues, and we involve the executive leadership team in our efforts to address them. In 2024, we focused on promoting non-smoking, aiming for creating a healthy and comfortable working environment. We believe it is important for managers in leadership positions to take the initiative to quit smoking first and are working to achieve a 0% smoking rate among managers within 2025. To that end, we are taking measures to promote non-smoking, such as banning smoking on all company premises. In addition, the walking event that we have been running since 2019 was held again in 2024. Annually, we have approximately 8,000 participants in this event, helping them to make exercise a habit and continue it.

・Work-life balance: As this is directly related to the issues such as securing a front-line workforce and promoting women's active engagement in professional life, we provide various options that enable employees to flexibly change their working style so that the Company is chosen by employees and job seekers. In order to encourage flexible work styles, we promote working remotely, such as telecommuting, satellite office work, and workcation, and also, for our Commercial Division, we allow employees to have business meetings online and also go straight to clients and back home. Also, we set a target for the annual paid leave acquisition rate for each organization to improve the workplace environment so that employees feel comfortable taking leave.

・Engagement Score: We conducted a survey to understand the state of employee well-being, and we addressed the issues identified in each organization through specific actions to resolve them based on the analysis results. For example, to the issue of employees not being able to plan their own career, we encourage each employee to know objective facts and issues regarding their roles, strengths, and areas for development through one-on-one meetings with their supervisors and proactively think about their own career. Also from 2024, by adding percentage of improvement in engagement scores to the targets of executives, the executives are committed to improving the scores. As a result, engagement scores across the company improved from 71% (2023) to 74% (2024).

3) Metrics and Targets

・ Female manager ratio: In order to achieve our target of having 20% of the female manager ratio by 2030, as mentioned above we will promote training and hiring plans of female manager ratio, and aim to achieve 10% in 2025.

・ Percentage of male employees taking childcare leave: In 2024, we achieved 100% for our initial target of employees taking one day of paid leave. In 2025, we continue to achieve 100% of this target. Also, as mentioned above, by extending paid spousal childbirth leave from 3 days to 5 days, we will continue to recommend taking more days.

・ Employment rate of people with disabilities: As mentioned above, due to organizational restructuring in 2025 and the change in the exclusion rate of statutory employment rate in April 2025, we will need to further increase employees with disabilities. We will continue to expand employment opportunities.

	Results			**Target**
	2022	2023	2024	
Female manager ratio (Note) 1	6.6%	7.4%	9.2%	10.0% (2025) 20.0% (2030)
Percentage of male employees taking childcare leave (Note) 1	67.5%	83.3%	103.8%	100.0% (2025)
Employment rate of people with disabilities	2.48%	2.42%	2.59% (Note) 2 (Statutory employment rate: 2.5%)	2.50% (2025)

(Note) 1. Figures shown are calculated corresponding to "*1,2,3" 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, 2024) submitted to the Director of the Public Employment Security Office with jurisdiction in 2024.

4) Risk management

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

3. Risk factors

This section outlines the major risks identified as having the potential to have significant negative impact on 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 financial risk transfer mechanism for relevant insurable risks. The Head of Risk Management (HRM) leads the Risk Management Senior Group which includes the streams of enterprise risk management (ERM), crisis response, business continuity, security, and insurance. 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 team and our Board. The RMSG team works in close collaboration with the functional risk owners in assessing and managing business risks.

The Board has 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.

Our program includes monthly risk discussions at the ELT, our quarterly risk management forum which brings together senior leaders to review our operational environment and risk status. Functional deep dive risk review sessions were held with senior leaders across the business with risk interviews conducted with the functional 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 major risks and opportunities to the business were determined through discussion and evaluation by the executive leadership team and functional risk owners are assigned to the risks ensuring that the actions to be taken to address these risks are finalized. Through the robust process we are closely monitoring changes to our operational environment including our response to natural disasters, commodity costs, people attraction, and changes in consumer preferences.

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, our regular risk discussions and the formal PDCA cycle 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 continue 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 Systems	Business activities being impacted and/or confidential information leaking caused by system failures or cyber incidents. • Losing trust from consumers and customers • Deterioration of financial conditions • Regulatory prosecution, fines, and reputational damage	• 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 and data privacy management • Establishing internal regulations related to information security supported by related employee training programs
People Talent (Attraction and Retention)	Not being able to secure, retain and develop sufficient human resources and build constructive relationships with labor unions due to business performance, aging population, 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 managing payment structure • Recruit diverse talent base and commitment to people development • Implement unmanned operations, online transactions, and outsourcing of shipping operations • Enhance the workplace environment to improve employee satisfaction • Strengthen communication between top management and employees
Health and Safety	Lack of compliance with safety systems, ownership or accountability and awareness, mental health issues, and the 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
Growth Strategies	Failure to implement measures to improve our competitive advantage and grow the business through transformation (such as business integration, joint ventures, capital investments, project management etc.) due to people capabilities. • 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 • Talent development strategies ensuring right skill sets are available to manage projects and deliver technological transformation. • Supervision by Board of Directors and Executive Officers
Changing Consumer Mindset	Changes in consumer preferences caused by 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.
Evolving Commercial and Competitor Landscapes	Inability to respond to changes in the retail and competitive environment effectively, efficiently and with agility. • 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 online channels to respond to the surge in Internet mail orders. • People development strategies to leverage advantages in technology.
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.
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, tested annually, 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 coverage and specialized programs for earthquake.

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 inadequately reporting 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 field of climate change • Financial impacts - loss of sales if customer expectations on climate change are not met and they shift to competitors	• Sustainability Committee reviews and aligns the sustainability plans and objectives. • Achieving CSV goals contributing to the development of a sustainable society. • Coca-Cola system initiatives include 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.
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.
Quality and Food Safety	Product related quality and food safety incidents. • Losing trust with customers and 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 deal with quality/food safety issues quickly and efficiently.
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.
Franchise relationships	Risk related to our high dependency on, or changes to our relationship with TCCC and 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 a decrease in sales support	• Maintaining and continually strengthening cooperative relationships with The Coca-Cola Company and Coca-Cola (Japan) Company.
Commodity Pricing	Significant increase in procurement costs due to fluctuations in foreign exchange rates, raw material shortages, and commodity price increases. • Increased cost base impacting profitability • Reduced product supply • Limitations to product portfolio	• Mitigate the impact of exchange rate and product price fluctuations through the uses of derivative transactions and hedging. • Procure raw materials at lower costs through collective multi system company purchases leveraging Coca-Cola system.

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

Financial Summary

(1) Overview of Full-Year 2024 Results

Coca-Cola Bottlers Japan Holdings Inc. (CCBJH, hereafter “the Company” or “we”) announced its full year results for the fiscal year ending December 31, 2024 (January 1, 2024, to December 31, 2024).

In this fiscal year (January 1, 2024, to December 31, 2024), the total domestic nonalcoholic ready-to-drink (NARTD) beverage market is estimated to have been flat versus the previous fiscal year. Despite the benefits of the continued increase in traffic and the heat wave, price revisions by soft drinks companies had a negative impact on demand. The business environment remained uncertain due to rising commodity and utility prices and the yen's rapid depreciation, which affected both businesses and consumer behaviors.

Under these circumstances, we positioned 2024 as the “year of strong profit build up.” We have implemented top-line growth initiatives to maximize profits, achieved cost savings through organization-wide transformation, and further strengthened our business foundation. In commercial areas, under a profitability-focused policy, we launched new products, including the first full renewal of Ayataka in seven years, expanded sales space, and strengthened marketing based on ROI. In addition, as a key initiative to improve profitability, we have implemented price revisions for our products on two occasions, in May and October, and have made efforts to maintain shipping prices after the revisions. Furthermore, in August, we announced a change in our business related to the installation, maintenance, repair, and quality control of sales equipment to a collaborative structure based on a new partnership through a business transfer and the establishment of a joint venture, advancing important measures for commercial transformation. In manufacturing and logistics fields, we have been promoting the “local production for local consumption” model based on the concept of manufacturing products in plants close to where they are consumed, as well as working to improve the accuracy and stability of our sales and operations planning (S&OP) process to optimize our overall supply chain from end-to-end. To expand our manufacturing capacity, we introduced a new aseptic (sterile filling) production line at the Tokai Plant and improved manufacturing processes across all plants. In the logistics field, we have improved our logistics network to reduce the transportation distance per case and actively engaged in collaboration with other companies in the industry and customers to improve efficiency and respond to social issues. 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. to achieve cost saving benefits.

We are working continuously to realize ESG targets through creating shared value with society. These targets include 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. As part of our aluminum can recycling, Can to Can initiatives, started the sales of can products that use a higher percentage of recycled content than before and began manufacturing Georgia at certain plants using 185g lightweight aluminum beverage cans, which use 13% less material per can than previous product containers, advancing our efforts to conserve resources by reducing container weights. To strengthen our human capital, we have revamped our human resources strategy based on Vision 2028, redefining our human capital goals, and setting priority areas and major targets to be addressed. We are accelerating our efforts to strengthen human capital by dedicating approximately 25% of executive meetings to discussing human resource strategies. In addition, for the promotion of DE&I (Diversity, Equity & Inclusion), we have been working to create a comfortable working environment for employees with diverse backgrounds and values. We have also worked to raise awareness of DE&I in society, for example, by working with our customers to promote DE&I. Our ESG efforts, including these initiatives, have been highly evaluated, and we have been selected as a component of the DJSI Asia Pacific, a leading global ESG investment index, for the seventh consecutive year.

In November, we announced a comprehensive shareholder return program to improve shareholder value as outlined in Vision 2028, Including a revised dividend policy that incorporates an ambitious plan to increase dividends through 2028, share buybacks of up to 30 billion yen or 20 million shares and the cancellation of 23 million treasury shares to improve shareholder value over the mid- to long-term. We have also increased the year-end dividend (planned) for the fiscal year ending December 31, 2024, by 3 yen per share compared to our initial forecast, bringing the annual dividend (planned) to 53 yen per share. In addition, as disclosed in “Announcement Shareholder Benefit Program Introduction” dated February 13, 2025, we have announced the introduction of shareholder benefit program utilizing Coke ON® drink tickets. Through these series of shareholder return initiatives, we will continue to work to improve our corporate value.

※ “Coke ON” is a registered trademark of The Coca-Cola Company Limited.

Details for the fiscal year earnings are as follows.

Summary of Business Performance

(Millions of yen except sales volume)

Full Year (January to December)

	2023	**2024**	Change (%)
Revenue	868,581	**892,681**	2.8
Sales volume (million cases)	492	**501**	2
Gross Profit	384,216	**402,450**	4.7
Selling, General & Administrative Expenses	381,022	**389,534**	2.2
Other income (Recurring)	728	**927**	27.3
Other expenses (Recurring)	1,890	**1,812**	(4.1)
Investment income (loss) on equity method	(7)	**16**	—
Business Income	2,025	**12,046**	494.8
Other income (Non-recurring)	4,429	**5,487**	23.9
Other expenses (Non-recurring)	3,012	**4,143**	37.5
Operating Income	3,441	**13,390**	289.1
Net Income Attributable to Owners of Parent	1,871	**7,309**	290.7

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

	2023	**2024**	Change (%)
Revenue	204,756	**216,068**	5.5
Sales volume (million cases)	113	**116**	3
Gross Profit	89,621	**98,927**	10.4
Selling, General & Administrative Expenses	93,062	**100,999**	8.5
Other income (Recurring)	194	**158**	(18.6)
Other expenses (Recurring)	588	**707**	20.3
Investment loss on equity method	(8)	**(23)**	—
Business Loss	(3,842)	**(2,644)**	—
Other income (Non-recurring)	2,252	**9**	(99.6)
Other expenses (Non-recurring)	1,089	**1,567**	43.9
Operating Loss	(2,680)	**(4,202)**	—
Net Loss Attributable to Owners of Parent	(1,991)	**(2,708)**	—

(Note) "Business income(loss)" is a 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 892,681 million yen (an increase of 24,100 million yen or 2.8% from the previous year). Despite the negative impact of the price revisions on demand, sales volume increased by 2% from the previous year due to the successful introduction of new products, especially Ayataka, expansion of sales space, and effective marketing activities. Additionally, the series of price revisions implemented to date have resulted in a wholesale revenue per case improvement across all channels, contributing to revenue growth.

Consolidated business income was 12,046 million yen (an increase of 10,021 million yen or 494.8% from the previous year). In addition to the profit contribution from top-line growth, cost savings through transformation and improved manufacturing efficiency, as well as the ability to appropriately manage increasing costs due to higher commodity, utility prices and a weaker yen, contributed to the significant improvement in profitability. Business income exceeded the initial plan by over 20% and further exceeded the upwardly revised plan in November 2024, reaching a level six times higher than the previous year.

Consolidated operating income was 13,390 million yen (an increase of 9,949 million yen or 289.1% from the previous year). This was primarily due to improved business income versus the previous year and gains from the sales and disposal of property, plant, and equipment, which increased other income (non-recurring). Other income (non-recurring) included gains of 5,429 million yen from sales and disposals of property, plant, and equipment, which was realized in the process of balance sheet optimization efforts. Other expenses (non-recurring) included 3,333 million yen in business structure improvement costs related to the implementation of fundamental transformation initiatives.

Net income attributable to owners of the parent was 7,309 million yen (an increase of 5,439 million yen or 290.7% from the previous year). This increase was due to improved operating income from the previous year.

Sales volume trends (% change from previous year)

Sales volume for the full year grew by 2%, reflecting the contribution of new products and effective sales initiatives, despite the negative impact on demand from the price revisions implemented in October 2023 and May 2024, and October 2024. Wholesale revenue per case improved in all channels. This was due in part to an acceleration of the improvement trend during the fourth quarter (October 1, 2024 to December 31, 2024, hereafter "the fourth quarter"), as a result of the price revisions implemented in October 2024, which improved wholesale revenue per case by more than double-digit yen over the previous year in each channel.

By channel, supermarket sales volume declined by 2%, despite efforts being made to acquire sales spaces by leveraging new products, the impact of price revisions caused a decrease in large PET bottle sales volume. In drugstores and discounters, sales volume increased by 4% on the back of channel expansion driven by consumers' focus on saving and the special demand in August. In convenience stores, the challenging competitive environment continued, but sales volume grew by 3%, supported by strengthened new product offerings, customer-exclusive products, and effective marketing initiatives tailored to each customer. In vending, the market share base we have built and initiatives to capture demand through leveraging digital means, such as effective campaigns on the Coke ON smartphone app, contributed to market share gains, but sales volume declined by 1% due to unfavorable summer weather and a decline in can and bottled can product volume caused by the price revisions. Additionally, wholesale revenue per case for vending improved by over 50 yen from the previous year with the price revisions. In retail & food service, sales volume increased by 4%, which was driven by increased visits to restaurants and tourist spots, expanded product offerings, and new account acquisitions. Online sales volume grew by 16%, with a strengthened product lineup and collaborative measures with customers to acquire users on a scheduled delivery plan.

By beverage category, sparkling sales volume increased by 3% driven by Coca-Cola's growth in restaurants and online, along with contributions from Sprite. The tea category continued to perform well, with volume of the fully renewed Ayataka growing by more than 15%, driving the overall category growth. As a result, sales volume of the tea category grew by 11% for the fourth quarter and by 9% for the full year. Coffee sales volume decreased by 2% with price revision impacting can and bottled can product volume, despite the positive effects of new Georgia product launches. Water sales volume declined by 3%, despite the special demand lifting sales volumes, the decrease in large PET bottle sales volume due to price revisions had an impact. Sports sales volume decreased by 4%, despite the growth in convenience stores and online, large PET bottle sales declined due to price revisions. Juice sales volume increased by 7% due to growth in Minute Maid Orange in restaurants and the contribution of new Minute Maid Orange Blend Multi Vitamin.

In the alcohol category, despite efforts to strengthen sales with the introduction of new products such as Unsweetened Lemon-dou Muto Lemon with Sudachi, sales volume was impacted by the challenging competitive environment and declined by 16%.

(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 48,883 million yen (59,102 million yen generated from operating activities in the previous fiscal year). This was mainly due to an income before income taxes of 12,896 million yen and “Depreciation and amortization”.

<Cash Flows from Investing Activities>

Net cash used for investing activities was 16,128million yen (14,287 million yen used for investment activities in the previous fiscal year). This was 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 57,942 million yen (15,229 million yen used for financing activities in the previous fiscal year). This was mainly due to “Redemption of bonds” and “Dividends paid.”

As a result of these activities, cash and cash equivalents at the end of the year were 88,473 million yen, a decrease of 25,187 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	541,646	101.7

(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	67,386	99.8

(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	892,681	102.8

(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 flow

(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. Critical accounting judgments, estimates and assumptions under V. Accounting 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 58.0%, 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 804,153 million yen, a decrease of 40,680 million yen from the end of the previous fiscal year. This was mainly due to a decrease in "Cash and cash equivalents" following redemption of bonds and a decrease in "Property, plant, and equipment" resulting from balance sheet optimization.

(Liabilities)

Liabilities at the end of the year were 337,710 million yen, a decrease of 37,101million yen from the end of the previous fiscal year. This was mainly driven by a decrease in "Bonds and debts" under Current liabilities due to redemption of bonds.

(Equity)

Equity at the end of the year was 466,443 million yen, a decrease of 3,578 million yen. This mainly reflects a decrease in "Retained earnings" due to dividend payments and repurchase of treasury shares, while net income for the year was recorded.

Cash and cash equivalents at the end of this year was 88,473 million yen, a decrease of 25,187 million yen (22.2%). 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 24,100 million yen (2.8% from the previous fiscal year) to 892,681 million yen.

(Operating income)

Operating income for the current fiscal year increased 9,949 million yen (289.1% from the previous fiscal year) to 13,390 million yen.

(Net income for the current fiscal year)

Net income for the current fiscal year for the fiscal year increased 5,486 million yen (288.3% from the previous fiscal year) to 7,389 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 5,439 million yen, (290.7% from the previous fiscal year) to 7,309 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 42,345 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, 2024

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	80,649	87,339	85,218	129,192	38,507	420,904	14,084 [2,888]

(2) The reportable segments

As of December 31, 2024

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.	14,150	4	—	46,323 (1,394)	1,803	62,280	—

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

(3) Domestic subsidiaries

As of December 31, 2024

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.	66,389	87,331	70,899	65,589 (2,017) [178]	36,702	326,911	7,213 [909]
FV Japan Co., Ltd. (Toshima-ku, Tokyo)	Beverage business	Vending machines, etc.	33	3	14,393	496 (9) [5]	—	14,926	250 [87]

(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 expenditure is 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.	18,826	－	Own fund	Jan. 2025	Dec. 2025

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, 2024)	Number of issued shares at the filing date (As of March 27, 2025)	Name of listed share exchange or registered authorized financial instruments firms` association	Details
Common shares	183,268,593	183,268,593	Tokyo Stock Exchange (Prime Market)	100 per unit shares
Total	183,268,593	183,268,593	—	—

(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)
November 11, 2024 (Note)	(23,000)	183,269	―	15,232	―	108,167

(Note) Cancellation of treasury shares in accordance with the provisions of Article 178 of the Companies Act.

(5) Shareholding by shareholder category

As of December 31, 2024

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)	―	44	27	589	321	136	43,995	45,112	―
Number of shares held (units)	―	367,054	70,082	601,253	536,394	596	250,247	1,825,626	705,993
Percentage of shareholdings (%)	―	20.105	3.838	32.934	29.381	0.032	13.707	100.000	―

(Note) 1. "Individuals and Others" and "number of shares less than one unit" column include 26,719 units and 77 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, 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 share) (%)
Coca-Cola (Japan) Co., Ltd.	4-6-3, Shibuya, Shibuya-ku, Tokyo	27,956	15.48
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1, Akasaka, Minato-ku, Tokyo	20,725	11.48
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)	8,548	4.73
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	6,725	3.72
Ichimura Foundation for New Technology	1-26-10, Kitamagome, Ota-ku, Tokyo	5,295	2.93
Senshusha Co., Ltd.	339 Noda, Noda-shi, Chiba	4,088	2.26
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	2.26
Satsuma Shuzo Co., Ltd.	26 Kamimotocho, Makurazaki-shi, Kagoshima	3,948	2.19
Mitsubishi Heavy Industries Machinery Systems, Ltd.	1-1-1, Wadazakicho, Hyogo-ku, Kobe-shi, Hyogo	3,912	2.17
Toyo Seikan Group Holdings, Ltd.	2-18-1, Higashi-Gotanda, Shinagawa-ku, Tokyo	3,007	1.66
Total	—	88,278	48.88

(Note) The treasury shares (2,672 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, 2024

Class	Number of shares	Number of voting rights	Details
Non-voting shares	—	—	—
Shares with restricted voting rights (Treasury Shares)	—	—	—
Shares with restricted voting rights (Others)	—	—	—
Shares with full voting rights (Treasury Shares)	Common shares 2,671,900	—	—
Shares with full voting rights (Others)	Common shares 179,890,700	1,798,907	—
Odd lot shares	Common shares 705,993	—	—
Total number of issued shares	183,268,593		—
Voting rights of all shareholders	—	1,798,907	—

(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 1,641,010 shares (number of voting rights: 16,410) held by Stock-granting ESOP Trust.

2) Treasury share

As of December 31, 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	2,671,900	—	2,671,900	1.46
Total	—	2,671,900	—	2,671,900	1.46

(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 BIP Trust shall be 1,800,000 points (1 point = 1 share of Common shares) per three 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 directors of the Company who satisfy the requirements for beneficiaries.

2. Acquisition of treasury shares

Classes of shares: Acquisitions of Common shares falling under Article 155 Paragraph 3 and 7 of the Companies Act.

(1) Acquisitions by resolution of shareholders’ meeting

Not applicable.

(2) Acquisitions by resolution of board of directors meeting

Category	Number of shares (Shares)	Total amount (Yen)
Resolution at the board of directors (November 6, 2024) (Period of share repurchase: November 11, 2024 to October 31, 2025) (Note) 1	20,000,000	30,000,000,000
Acquired treasury shares before the current fiscal year	―	―
Acquired treasury shares during the current fiscal year	1,884,400	4,560,742,283
Total numbers and amounts of remaining resolved shares	18,115,600	25,439,257,717
Unexercised ratio at the end of the current fiscal year	90.58	84.80
Acquired treasury share during the period (Note) 2	2,384,600	5,748,619,033
Unexercised ratio on submission date	78.66	65.64

(Note)

1. Based on paragraph 1 of Article 156 of the Companies Act, the repurchase of the treasury shares was resolved at the board of directors held on November 6, 2024, as follows.
   1) Class of shares to be repurchased: Common shares
   2) Total number of shares to be repurchased: 20 million shares (upper limit) (11.0% of the total number of shares issued and outstanding excluding treasury shares)
   3) Total value of shares to be repurchased: 30 billion yen (upper limit)
   4) Period of share repurchase: November 11, 2024 to October 31, 2025
   5) Method of repurchase: Market purchase through the Tokyo Stock Exchange
2. "Acquired treasury share during the period" does not include shares acquired by resolution of board of directors meeting for the period from March 1, 2025 to the submission date.

(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 shares during the current fiscal year	3,621	7,671,064
Acquired treasury shares during the period	457	1,108,012

(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 1, 2025, to the filing date.

(4) Disposals and holding of acquired treasury share

Category	The fiscal year		The period (January 1, 2025, to March 1, 2025)	
	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	23,000,000	73,161,363,545	—	—
Acquired treasury share transferred due to merger, share exchange, share issue, or company split	—	—	—	—
Other (Sale by request for the purchase of odd-lot shares) (Note) 1	196	623,479	—	—
Number of treasury shares held (Note) 2,3	2,671,977	—	5,057,034	—

(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 1, 2025, 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 1, 2025, 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.

Regarding the dividends, our basic policy is to return profits to shareholders in an active and stable manner. We pay interim and year-end dividends after comprehensive consideration of business performance, investment for growth, and internal reserves. Under our Strategic Business Plan Vision 2028, we aim to achieve a consolidated dividend payout ratio of 40% or more and a consolidated dividend on equity (DOE) ratio of 2.5% or more in 2028, and during the relevant period we will introduce a progressive dividend, with the annual dividend per share to be maintained or increased each year over the previous year. For the fiscal year ending December 31, 2024, we paid an interim dividend of 25 yen per share and plan to pay a year-end dividend of 28 yen per share, for a total annual dividend of 53 yen per share to pay. For the fiscal year ending December 31, 2025, we seek to maintain its basic policy on stable dividend payment by setting the dividend forecast of annual total of 57 yen per share paid (28 yen per share as interim dividend and 29 yen per share as year-end dividend).

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 buyback 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 2,2024 Resolution of the Board of Directors Meeting	4,562	25
March 26, 2025 Resolution of the Ordinary General Meeting of Shareholders	5,057	28

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 right 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 swift 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 right 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 swift 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 swift 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 of which seven out of the nine members being 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 six times. The main items for deliberation are as follows.

Business Strategy	・Business Execution Status Report ・Shareholder Return Program ・Business Transfers and Alliance ・Sustainability Strategy and People strategy
Governance	・Election of Candidates for Directors and Selection of Representative Directors ・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	6 / 6 (100%)
Representative Director	Bjorn Ivar Ulgenes	6 / 6 (100%)
Outside Director	Hiroko Wada	6 / 6 (100%)
Outside Director	Hirokazu Yamura	6 / 6 (100%)
Outside Director	Celso Guiotoko	6 / 6 (100%)
Outside Director (Audit and Supervisory Committee Member)	Hiroshi Yoshioka	6 / 6 (100%)
Outside Director (Audit and Supervisory Committee Member)	Nami Hamada	6 / 6 (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%)

b. Audit and Supervisory Committee

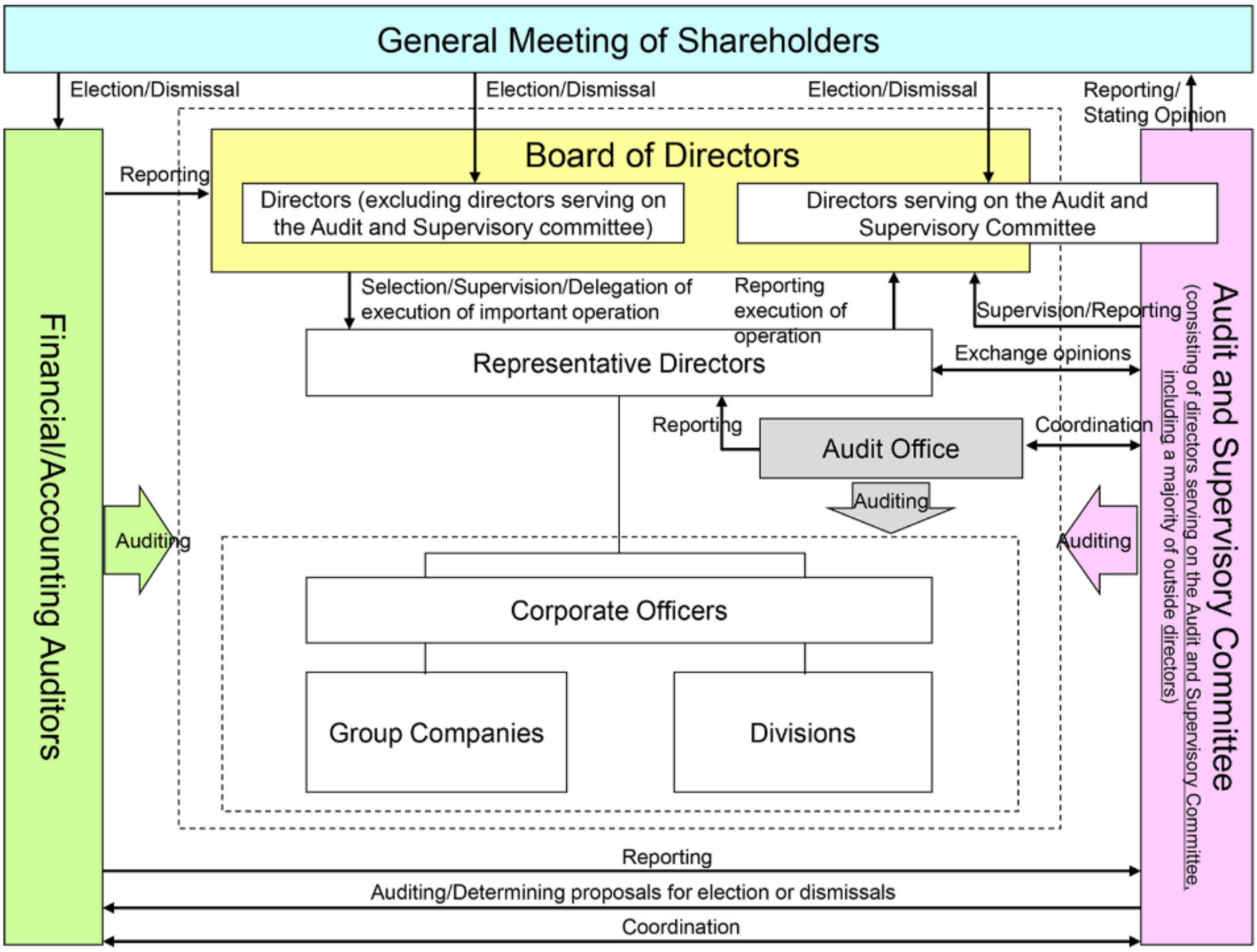
The Audit and Supervisory Committee is composed of four outside directors (Audit and Supervisory Committee members), including multiple independent outside directors. Meetings of the Audit and Supervisory Committee shall be held once every three months in principle and may be held, as necessary. The 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 has been established, which includes 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)

As of December 31, 2024

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), Celso Guiotoko (Outside Director, Independent Director), Hiroshi Yoshioka (Outside Director, Independent Director), Nami Hamada (Outside Director, Independent Director), Hirokazu Yamura (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 monitors 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 appropriate 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 on 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 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 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 has been established, which includes 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: 5 people, Females: 4 people (Ratio of females to total directors: 44.4%)

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 January 2000 January 2005 July 2011 March 2012 July 2013 May 2017 January 2018 March 2019 March 2019 January 2022	Joined Coca-Cola Leventis Joined Coca-Cola Hellenic Bottling Company S.A. General Manager and Administrator in charge of Romania and Mordovian Republic, Coca-Cola Hellenic Bottling Company S.A. Executive Corporate Officer, Coca-Cola West Co., Ltd. Representative Director, Coca-Cola West Co., Ltd. Vice President, Coca-Cola West Co., Ltd. Representative Director & President, Coca-Cola East Japan Co., Ltd. Regional Director, The Coca-Cola Company Bottling Investments Group Regional Director, Coca-Cola Far East Limited President, The Coca-Cola Company Bottling Investments Group Executive Officer, Vice President, Coca-Cola Bottlers Japan Holdings Inc. Executive Officer, Vice President, Coca-Cola Bottlers Japan Inc. Representative Director, President, Coca-Cola Bottlers Japan Holdings Inc. (incumbent) Representative Director, President, Coca-Cola Bottlers Japan Inc. (incumbent) Representative Director, President and CEO, Coca-Cola Bottlers Japan Inc. (incumbent)	One year from the Ordinary General Meeting of Shareholders held on March 2025	10
Representative Director, Vice President, Chief Financial Officer (Head of Finance	Bjorn Ivar Ulgenes	April 5, 1968	July, 1997 August 2005 May 2008 June 2009 February 2010 January 2013 April 2016 October 2018 November 2018 January 2019 February 2019 March 2019 December 2019 January 2022 March 2022 November 2022 January 2024 January 2025	Joined The Coca-Cola Company Finance Director North & West Africa Business Unit, The Coca-Cola Company Finance Director & Executive Assistant to the Business Unit President, North & West Africa Business Unit, The Coca-Cola Company GM Innovation & EA, North & West Africa Business Unit, The Coca-Cola Company Senior Vice President Finance, The Coca-Cola (Japan) Co., Ltd. Finance Director, Central, East & West Africa Group, The Coca-Cola Company Deputy Finance Director, Europe, Middle East &Africa (EMEA) Group, The Coca-Cola Company Senior Executive Officer, Head of Finance, Coca-Cola Bottlers Japan Holdings Inc. Senior Executive Officer, Head of Finance, Coca-Cola Bottlers Japan Inc. Representative Director & President, Senior Executive Officer, Head of Finance, Coca-Cola Bottlers Japan Sales Support Inc. Representative Director & President, Senior Executive Officer, Head of Finance, Coca-Cola Bottlers Japan Business Services Inc. (incumbent) Executive Officer, Head of Finance, Coca-Cola Bottlers Japan Holdings Inc. Executive Officer, Head of Finance, Coca-Cola Bottlers Japan Inc. 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. Chairman and Representative Director, Q'SAI CO., LTD Vice President and Chief Financial Officer (Head of Finance) Representative Director, Vice President, and CFO of Coca-Cola Bottlers Japan Inc. (incumbent) Representative Director & Chairman, Coca-Cola Bottlers Japan Business Services Inc. Representative Director, Chairman and President, Coca-Cola Bottlers Japan Business Services Inc. (incumbent) Representative Director, NeoArc Inc. (incumbent) Representative Director, onEQuest Co., Ltd. (incumbent)	One year from the Ordinary General Meeting of Shareholders held on March 2025	4

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 January 1998 March 2001 April 2004 November 2004 May, 2009 June 2016 March 2019 March 2019	Joined Procter & Gamble Sunhome Co., Ltd. Vice President, In charge of Corporate New Ventures, Asia, The Procter & Gamble Company (U.S.) Representative Director & President, Dyson Ltd. Representative Director, President & COO, Toys "R" Us-Japan, Ltd. Representative, Office WaDa (incumbent) Outside Director, Aderans Holdings Co., Ltd. Outside Director, Shimadzu Corporation Outside Director, Coca-Cola Bottlers Japan Holdings Inc. (incumbent) Outside Director (Audit & Supervisory Committee member), Unicharm Corporation	One year from the Ordinary General Meeting of Shareholders held on March 2025	—
Director	Hirokazu Yamura	September 28, 1977	October 2006 February 2009 March 2012 March 2013 March 2014 March 2020	Joined Michinoku Coca-Cola Bottling Co., Ltd Director, Michinoku Coca-Cola Bottling Co., Ltd Managing Director, Michinoku Coca-Cola Bottling Co., Ltd. Senior Managing Director, Michinoku Coca-Cola Bottling Co., Ltd Representative Director & President, Michinoku Coca-Cola Bottling Co., Ltd. (incumbent) Outside Director, Coca-Cola Bottlers Japan Holdings Inc. (incumbent)	One year from the Ordinary General Meeting of Shareholders held on March 2025	—
Director	Celso Guiotoko	January 3, 1959	December 1983 January 1985 March 1996 December 1997 May 2004 April 2006 April 2014 June 2017 March 2019 March 2020 March 2023 January 2024 April 2024	Joined Banco Bradesco SA Senior Manager, Arthur Andersen (Accenture) System Director, Toshiba America Electronic Components, Inc. Solution Service Vice President, i2 Technologies Japan, Inc. Vice President & CIO (Chief Information Officer), Nissan Motor Co., Ltd. Corporate Vice President & CIO, Nissan Motor Co., Ltd. Senior Corporate Vice President & CIO, Nissan Motor Co., Ltd. Statutory Auditor, Nissan Motor Co., Ltd. Outside Director (Audit & Supervisory Committee member), Coca-Cola Bottlers Japan Holdings Inc. Executive Officer, Global Chief Digital Officer, Nishimoto Co., Ltd. Director, Global Chief Digital Officer, Nishimoto Co., Ltd. Outside Director, Coca-Cola Bottlers Japan Holdings Inc. (incumbent) Director, NeoArc Inc. (incumbent) Senior Managing Executive Officer, Chief Information Officer (CIO) and Chief Information Security Officer (CISO), JERA Co., Inc. (incumbent)	One year from the Ordinary General Meeting of Shareholders held on March 2025	—

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 2025	—
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 2025	—
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 2025	—
Director (Audit & Supervisory Committee member)	Rika Saeki	January 11, 1968	September 1993 Joined Masuda, Funai, Eifert & Mitchell, Ltd. (Chicago, Illinois, U.S.A.) November 1993 Admitted to the Illinois Bar, U.S.A. May 2000 Joined Morrison & Foerster LLP January 2008 Of Counsel, Morrison & Foerster LLP (incumbent) December 2013 Registered as a Foreign Special Member of the Daini Tokyo Bar Association June 2016 Outside Director (Audit & Supervisory Committee Member), Shinko Electric Industries Co., Ltd. March 2025 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 2025	—
Total					14

(Note) 1. Hiroko Wada, Hirokazu Yamura, Celso Guiotoko, Stacy Apter, Nami Hamada Sanket Ray and Rika Saeki are Outside Directors.
2. Rika Saeki's name is shown as her maiden and professional name.
3. 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 3.3% 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. 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.
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"), Nishimoto Co., Ltd. as well as JERA Co., Inc. 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)	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)	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)	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).

Category	Name	Relationship with the Company	Status of appointment
(Audit& Supervisory Committee member)	Rika Saeki	—	Rika Saeki is an attorney licensed to practice law in the State of Illinois, U.S.A., and is registered in Japan with the Daini Tokyo Bar Association as a Foreign Special Member. She has considerable experience at Masuda Funai Eifert & Mitchell and Morrison & Foerster with mergers and acquisitions and international alliances involving companies in a variety of sectors including food, pharmaceuticals, and technology, as well as providing critical advice on corporate governance and other matters. She also possesses management supervisory experience with respect to domestic companies based on her position as an Outside Director serving on the Audit and Supervisory Committee of Shinko Electric Industries Co., Ltd. Based on her extensive experience as an foreign attorney and an Outside Director serving on an Audit and Supervisory Committee, 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, corporate governance and internal control system, and the Company has appointed Saeki 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.

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 directors 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 (Representative Director), Hiroko Wada, Hirokazu Yamura, Celso Guiotoko, Stacy Apter, Nami Hamada, Sanket Ray and Rika Saeki 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 those 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 the 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	5	5
Nami Hamada	5	5
Stacy Apter	5	5
Sanket Ray	5	5

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
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 their annual audit policies and plans. As of December 31, 2024, the Internal Audit Office had 17 members including 7 qualified members related to internal audit, such as CIA, USCPA, CFE, CISA, and QISIA.

(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. The Internal Audit Office discusses the annual audit policy and plans with Supervisory Committee. 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	November
	Report	Report on the results of internal audits	February, May, August, November
	Report	Report on the status of follow-up on past audit findings	February, May, August, November
	Exchange of information and opinions	Exchange of opinions pertaining to the reports on the results of internal audits	February, May, August, November
	Exchange of information and opinions	Exchange of opinions pertaining to the report on the status of follow-up on past audit findings	February, 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

To fully demonstrate the independent function of internal audit to ensure its effectiveness, a dual reporting relationship is maintained, which consists of a 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 representative director, who serves as the business execution body of the Group. As indicated above, the Internal Audit Office promptly reports the follow-up status of past audit findings through dual reporting lines.

c. Accounting Audit Status

(a) Name of audit firm

Ernst & Young ShinNihon LLC

(b) Continuous audit period

7 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

13 certified public accountants and 50 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

i) Compensation for auditing certified public accountants

Category	Previous fiscal year		Current fiscal year	
	Remuneration for on audit assurance services (Millions of yen)	Remuneration for non-audit assurance services (Millions of yen)	Remuneration for on audit assurance services (Millions of yen)	Remuneration for non-audit assurance services (Millions of yen)
The Company	68	—	69	—
Consolidated subsidiaries	115	1	120	14
Total	183	1	189	14

Non-audit services to consolidated subsidiaries for previous fiscal year was an advisory service for disclosing information on Science Based Targets (target setting for decarbonization). Non-audit services to consolidated subsidiaries for current fiscal year was an advisory and assurance service for sustainability.

ii) Remuneration for organizations belonging to the same network as auditing certified public accountants (excluding “i)”)

Category	Previous fiscal year		Current fiscal year	
	Remuneration for on audit assurance services (Millions of yen)	Remuneration for non-audit assurance services (Millions of yen)	Remuneration for on audit assurance services (Millions of yen)	Remuneration for non-audit assurance services (Millions of yen)
The Company	—	—	—	—
Consolidated subsidiaries	3	12	5	—
Total	3	12	5	—

Non-audit services to consolidated subsidiaries provided by the same network of certified public accountants (EY Strategy and Consulting Co., Ltd.) for previous fiscal year was an advisory service for disclosing information on TCFD (the Task Force on Climate-related Financial Disclosures).

iii) Other material remuneration to independent auditors

Previous fiscal year (January 1, 2023, to December 31, 2023) and current fiscal year (January 1, 2024, to December 31, 2024)

Not applicable.

iv) Details of non-audit services rendered by independent auditors

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

Not applicable.

Current fiscal year (January 1, 2024, to December 31, 2024)

Not applicable.

v) Reason 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.

1) Compensation 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 14, 2024 and February 13, 2025.

2) Details 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 made 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>

<table>
<tr><td rowspan="2"></td><td>(1) PSU (Performance Share Units)</td><td>● 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.</td><td rowspan="2">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)</td></tr>
<tr><td>(2) RSU (Restricted Stock Units)</td><td>● 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.</td></tr>
</table>

* 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 FY2024 are as follows.

(1) Number of meetings of the Board of Directors held over one year from January 2024 to December 2024: 6

(2) Main subjects discussed by the Board of Directors concerning Officer compensation and Officer compensation structure in FY2024:

・Payment of FY2023 Annual Incentive and Non-vesting of FY2021 Long term Incentive for Directors and Executive Officers
・FY2024 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 FY2024

(ii) Activities of the Audit & Supervisory Committee

Activities of the Audit & Supervisory Committee concerning the determination of Officer compensation for FY2024 are as follows.

(1) Number of meetings of the Audit and Supervisory Committee held over one year from January 2024 to December 2024: 5

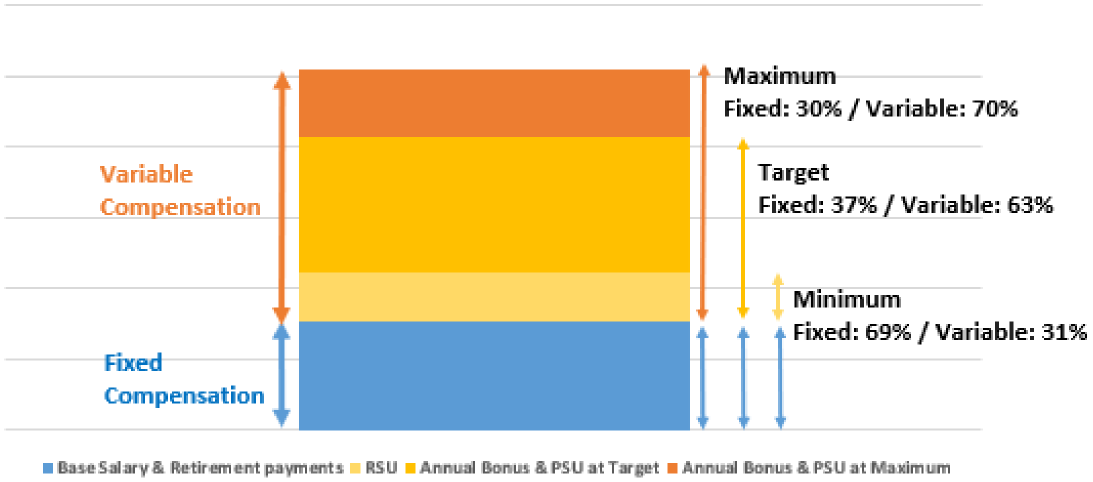
(2) Main subjects discussed by the Audit & Supervisory Committee concerning Officer compensation and Officer compensation structure in FY2024:

・Payment of 2023 Annual Incentive and Non-vesting of 2021 Long term Incentive for Directors and Executive Officers
・FY2024 Executive Compensation Proposal
・FY2024 Compensation for Audit and Supervisory Committee Members
・FY2024 Individual Objectives of Directors and Executive Officers

(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)



3) Guidelines 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 conducted 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 FY2024

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) 3	Retirement Payments	Annual bonuses	Long-term incentives (Note) 4	
Directors (excluding Directors serving on the Audit and Supervisory Committee) (Of which Outside Directors)	1,112 (49)	532 (49)	24 (–)	256 (–)	300 (–)	5 (3)
Directors (serving on the Audit and Supervisory Committee) (Of which Outside Directors)	72 (72)	72 (72)	– (–)	– (–)	– (–)	4 (4)
Total (Of which Outside Directors)	1,183 (121)	604 (121)	24 (–)	256 (–)	300 (–)	9 (7)

(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. 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.
3. Basic compensation includes an amount equivalent to fringe benefits (compensation for exchange rate fluctuation between other countries and Japan, housing allowance, etc.), etc.
4. Long-term incentives include PSU and 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	294	16	180	212	703
Bjorn Ivar Ulgenes	Representative Director	Filing company	189	8	75	87	360

(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 and 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 FY2024. The achievement level of the company's business performance for the period under review was 127.5%. With demand increasing due to continuous people going out more, the extremely hot summer and other factors, the sales volume grew beyond initial expectations by the successful new products rollouts and effective sales measures. In addition, there were contributions such as improved manufacturing efficiencies during the peak demand season. The individual performance evaluation-based payout rate for Executive Directors was 110.0%. 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 FY2024. As a result, it determined that 124.4% is reasonable.

(b) The PSUs for FY2022 were evaluated for the three-year period from 2022 to 2024. 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 108.5%. 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 116.9%.

The vesting rate of PSU granted in 2023 and 2024 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	81	2,068
Shares other than non-listed shares	10	4,248

(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	2	3	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	7	775
Shares other than non-listed shares	8	1,554

(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	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)		
Mitsubishi Heavy Industries, Ltd.	900,000	90,000	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. The number of shares increased due to a stock split in the current fiscal year.	No (Note) 3
	2,001	742		
Central Japan Railway Company	270,500	270,500	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
	802	969		
Japan Airport Terminal Co., Ltd.	100,000	100,000	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
	500	621		
AEON CO., LTD.	112,214	112,031	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
	415	353		
Trial Company, Inc.	100,000	100,000	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. The Company is a newly listed issue in the current fiscal year.	No
	270	68		
Valor Holdings Co., Ltd.	31,200	31,200	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
	68	76		
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
	53	44		
DAISYO CORPORATION	48,100	48,100	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
	52	59		
Hankyu Hanshin Holdings, Inc.	10,800	10,800	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
	44	48		
Misumi Co., Ltd.	25,102	23,990	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
	43	45		
Nishi-Nippon Railroad Co., Ltd.	—	400,000	—	Yes
	—	956		
IZUMI Co., Ltd.	—	93,320	—	No
	—	338		

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
H2O RETAILING Corporation	—	92,949	—	No
	—	142		
Bronco Billy Co., Ltd.	—	18,543	—	No
	—	59		
Mr Max Holdings Ltd.	—	38,024	—	No
	—	24		
ROUND ONE Corporation	—	36,000	—	No
	—	20		
TOKYU CORPORATION	—	7,500	—	No
	—	13		
Maruyoshi Center Inc.	—	1,000	—	No
	—	3		

(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.

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

No shares fall under this category.

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

No shares fall under this category.

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

No shares fall under this category.

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 312 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, 2024, pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Remarkable efforts to ensure the 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.

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, 2023)	Current fiscal year (As of December 31, 2024)
Assets			
Current assets			
Cash and cash equivalents	7,31	113,660	88,473
Trade and other receivables	8,31	120,069	119,551
Inventories	9	71,651	73,890
Other financial assets	31	88	688
Other current assets	13	8,288	9,856
Total current assets		313,756	292,458
Non-current assets			
Property, plant, and equipment	10	401,687	382,794
Right-of-use assets	10,17	23,894	26,930
Intangible assets	11	63,819	63,273
Investments accounted for using the equity method		310	326
Other financial assets	31	11,898	10,908
Deferred tax assets	28	25,222	22,933
Other non-current assets	13	4,245	4,531
Total non-current assets		531,077	511,695
Total assets		844,832	804,153

(Millions of yen)

	Notes	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Liabilities and equity			
Liabilities			
Current liabilities:			
Trade and other payables	14,31	116,612	120,367
Bonds and debts	16,31	40,979	1,000
Lease liabilities	17,31	5,267	5,765
Other financial liabilities	31	1,111	947
Income taxes payable		4,176	2,374
Other current liabilities	19	29,297	27,488
Total current liabilities		197,443	157,943
Non-current liabilities:			
Bonds and debts	16,31	114,802	113,852
Lease liabilities	17,31	20,349	22,047
Other non-current financial liabilities	31	15	—
Net defined benefit liabilities	18	19,856	21,803
Provisions	15	1,781	1,506
Deferred tax liabilities	28	16,757	16,405
Other non-current liabilities	19	3,809	4,155
Total non-current liabilities		177,369	179,767
Total liabilities		374,812	337,710
Equity			
Capital Stock	20	15,232	15,232
Capital surplus	20	451,389	378,459
Retained earnings	20	88,365	87,317
Treasury share	20	(85,362)	(16,297)
Accumulated other comprehensive income	20	223	1,492
Equity attributable to owners of the parent		469,847	466,203
Non-controlling interests		174	240
Total equity		470,021	466,443
Total liabilities and equity		844,832	804,153

2) Consolidated Statements of Income

(Millions of yen)

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2024
Revenue	6,23	868,581	892,681
Cost of sales		484,364	490,231
Gross profit		384,216	402,450
Selling and general administrative expenses	24	381,022	389,534
Other income	26	5,156	6,414
Other expenses	26	4,902	5,955
Investment income(loss) on equity method		(7)	16
Operating income		3,441	13,390
Financial revenue	27	535	337
Financial expense	27	753	832
Income for the year before income taxes		3,224	12,896
Income tax expense	28	1,321	5,507
Net income for the year		1,903	7,389
Net income for the year attributable to			
Owners of the parent		1,871	7,309
Non-controlling interests		32	79
Basic earnings per share (yen)	35	10.43	40.76
Diluted earnings per share (yen)	35	10.36	40.48

3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2024
Net income for the period		1,903	7,389
Other comprehensive income	29		
Items that will not be reclassified subsequently to income or loss:			
Remeasurements of defined benefit plans		33	248
Net change in financial assets measured at fair value through other comprehensive income		893	1,023
Subtotal		926	1,272
Items that may be reclassified subsequently to income or loss:			
Cash flow hedges		(587)	140
Subtotal		(587)	140
Total other comprehensive income for the period		338	1,411
Total comprehensive income for the period		2,241	8,800
Comprehensive income attributable to:			
Owners of parent		2,209	8,721
Non-controlling interests		32	79

4) Consolidated Statements of Changes in Equity

The previous 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	29	–	–	–	–	338	338	–	338
Total comprehensive income for the period		–	–	1,871	–	338	2,209	32	2,241
Transactions with owners									
Dividends of surplus	22	–	–	(8,967)	–	–	(8,967)	–	(8,967)
Purchase of treasury shares	20	–	–	–	(5)	–	(5)	–	(5)
Disposal of treasury shares	20	–	(149)	–	310	–	162	–	162
Transactions of share-based payment	21	–	273	–	–	–	273	–	273
Reclassification from accumulated other comprehensive income to retained earnings	20	–	–	1,252	–	(1,252)	–	–	–
Reclassification from accumulated other comprehensive income to non-financial assets	20	–	–	–	–	(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

The current fiscal year ended December 31, 2024

(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, 2024		15,232	451,389	88,365	(85,362)	223	469,847	174	470,021
Comprehensive income for the period									
Net income for the period		–	–	7,309	–	–	7,309	79	7,389
Other comprehensive income	29	–	–	–	–	1,411	1,411	–	1,411
Total comprehensive income for the period		–	–	7,309	–	1,411	8,721	79	8,800
Transactions with owners									
Dividends of surplus	22	–	–	(8,975)	–	–	(8,975)	(17)	(8,993)
Purchase of treasury shares	20	–	(0)	–	(4,568)	–	(4,569)	–	(4,569)
Disposal of treasury shares	20	–	(183)	–	472	–	289	–	289
Cancellation of treasury shares		–	(73,161)	–	73,161	–	–	–	–
Transactions of share-based payment	21	–	415	–	–	–	415	–	415
Reclassification from accumulated other comprehensive income to retained earnings	20	–	–	618	–	(618)	–	–	–
Reclassification from accumulated other comprehensive income to non-financial assets	20	–	–	–	–	476	476	–	476
Other		–	–	–	–	–	–	4	4
Total transactions with owners		–	(72,930)	(8,357)	69,065	(142)	(12,365)	(13)	(12,378)
Balance as of December 31, 2024		15,232	378,459	87,317	(16,297)	1,492	466,203	240	466,443

5) Consolidated Statements of Cash Flows

(Millions of yen)

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2024
Cash flows from operating activities			
Income before income taxes		3,224	12,896
Adjustments for:			
Depreciation and amortization		46,460	45,460
Impairment loss	12	288	651
Decrease in allowance for doubtful accounts		(29)	(37)
Interest and dividends income		(178)	(115)
Interest expenses		660	769
Shares of loss (income) of entities accounted for using equity method		7	(16)
Gain on sale of property, plant, and equipment		(4,425)	(5,501)
Loss on disposal and sale of property, plant and equipment and intangible assets		1,258	1,396
(Increase) Decrease in trade and other receivables		(16,711)	512
Increase in inventories		(600)	(2,238)
(Increase) Decrease in other assets		2,475	(946)
Increase in trade and other payables		10,840	2,460
Increase in net defined benefit liabilities		2,089	2,311
(Decrease) increase in other liabilities		10,039	(1,009)
Others		5,768	(49)
Subtotal		61,164	56,541
Interest received		0	3
Dividends received		178	112
Interest paid		(577)	(704)
Income taxes paid		(3,627)	(7,069)
Income taxes refund		1,964	1
Net cash generated from operating activities		59,102	48,883
Cash flows from investing activities			
Payments for acquisitions of property, plant and equipment and intangible assets	10,11	(31,624)	(28,158)
Proceeds from sales of property, plant and equipment and intangible assets	10,11	11,806	9,665
Payments for purchases of other financial assets		(21)	(7)
Proceeds from sale of other financial assets		5,542	2,460
Others		11	(88)
Net cash used for investing activities		(14,287)	(16,128)

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2024
Cash flows from financing activities			
Repayments of long-term loans payable	30	(1,000)	(1,000)
Payments for bond redemption	30	–	(40,000)
Repayments of lease liabilities	30	(5,418)	(6,420)
Proceeds from disposal of treasury shares		162	289
Payments for purchases of treasury shares		(5)	(4,569)
Dividends paid	22	(8,967)	(8,975)
Dividends paid to non-controlling interests		–	(17)
Proceeds from sale and leaseback transactions		–	2,747
Others		–	4
Net cash used for financing activities		(15,229)	(57,942)
Net change in cash and cash equivalents (decrease)		29,586	(25,187)
Cash and cash equivalents at the beginning of the year		84,074	113,660
Cash and cash equivalents at the end of the year	7	113,660	88,473

【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 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, 2025, and are considering the events after the reporting period to that date (see Notes 37, “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 312 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 are 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 transactions are 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 their 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 are 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 assets 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 assets

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 assets 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 assets, and Right-of-use assets

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 assets or cash-generating units 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 flow 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 units is allocated based on the carrying amount of each relevant asset.

(11) Financial instruments

(a) Financial assets 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 assets are derecognized if the contract rights to the cash flows arising from the financial assets expire, if the financial assets are transferred and substantially all the risks and rewards of ownership of the financial assets 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 assets 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 assets

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 assets are 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 assets 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 assets are 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 assets are classified into the following categories for subsequent measurement.

(i) Financial assets 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 assets 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 assets. 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 measured 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 assets, the amount is deducted directly from the carrying amount of the financial assets (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

Derivatives are 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 assets or liability, or highly probable forecast transaction hedges).

At the inception of the hedging relationships, the Group documents the relationships between hedging instruments and hedged items, 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 derivatives which are designated and qualified 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 assets (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 instruments. 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 are 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 assets.

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

Remeasurement of defined benefit obligations, consisting of actuarial gains and losses, return on plan assets (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 measure 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 are 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 a transaction other than business combination, that does not affect either income in accounting basis or taxable income, and does not cause the same amount of taxable temporary difference and deductible temporary difference; or

・ 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 differences to the extent that future taxable income is available. Future taxable income is calculated based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced for the portion that it 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 assets 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 are 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 customers 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 customers, 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 are 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 assets

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 flow 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 12 "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 expenditure 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 15 "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 28, "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 18 “Post-employment benefits”.

(f) Measurement of financial instruments 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 31, “Financial instruments (7) Fair value of financial instruments.”

5. New accounting standard not yet adopted

As of the approval date of the Consolidated Financial Statements, the following standard was newly issued but the Group has decided not to adopt it early. 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. 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.

7. 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, 2023)	Current fiscal year (As of December 31, 2024)
Cash and demand deposits	113,660	88,473
Total	113,660	88,473

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.

8. 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, 2023)	Current fiscal year (As of December 31, 2024)
Accounts and Notes receivable	79,994	85,715
Accounts receivable - other	40,225	33,971
Allowance for credit losses	(151)	(135)
Total	120,069	119,551

9. 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, 2023)	Current fiscal year (As of December 31, 2024)
Raw material	5,104	5,259
Work in progress	3	—
Merchandise and finished products	59,254	58,599
Supplies	7,291	10,032
Total	71,651	73,890

The amount of inventory recorded in "Cost of goods sold" for the previous fiscal year and the current fiscal year was 484,353 million yen and 490,226 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 250 million yen and 138 million yen, respectively.

10. 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, 2023	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 (Note)	4	(35)	6	－	(490)	(514)	0
Balance on December 31, 2023	182,049	247,811	248,660	134,699	930	814,149	45,648
Acquisition	3,237	6,084	16,769	13	334	26,437	12,977
Disposal and sale	(2,679)	(23,022)	(13,161)	(3,353)	(2)	(42,217)	(7,218)
Transfer from construction in progress	178	679	－	－	(857)	－	－
Other (Note)	(82)	606	－	(324)	(7)	193	195
Balance on December 31, 2024	182,704	232,158	252,269	131,035	397	798,562	51,602

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, 2023	(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 (Note)	(27)	6	－	20	－	(1)	15
Balance on December 31, 2023	(96,778)	(151,715)	(162,081)	(1,887)	－	(412,462)	(21,754)
Depreciation	(6,762)	(12,582)	(17,008)	－	－	(36,351)	(5,714)
Impairment losses	(268)	－	－	(327)	－	(595)	(56)
Disposal and sale	1,665	20,259	12,037	－	－	33,962	2,870
Other (Note)	88	(782)	－	372	－	(322)	(17)
Balance on December 31, 2024	(102,055)	(144,820)	(167,051)	(1,842)	－	(415,768)	(24,672)

(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, 2023	85,271	96,096	86,579	132,811	930	401,687	23,894
December 31, 2024	80,649	87,339	85,218	129,192	397	382,794	26,930

Depreciation of property, plant and equipment is included in "Cost of goods sold" and "Selling, general and administrative expenses" in the Consolidated Statements of Income.

11. Goodwill and intangible asset

Changes in the cost, accumulated amortization and accumulated impairment losses and carrying amounts of goodwill and intangible assets 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, 2023	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
Acquisition	―	―	2,930	1	2,931
Disposal and sale	―	―	(441)	(3)	(444)
Other	―	―	(46)	2	(44)
Balance on December 31, 2024	61,859	52,050	29,596	368	82,014

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, 2023	(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)
Depreciation	―	―	(3,390)	(5)	(3,394)
Impairment losses	―	―	―	―	―
Disposal and sale	―	―	403	3	406
Other	―	―	1	(3)	(2)
Balance on December 31, 2024	(61,859)	―	(18,417)	(325)	(18,741)

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, 2023	―	52,050	11,722	47	63,819
December 31, 2024	―	52,050	11,180	43	63,273

Software at the end of the previous fiscal year and the end of the current fiscal year includes internally generated intangible assets of 345 million yen and 403 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 Income.

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”.

12. 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, 2023	For the year ended December 31, 2024
Property, plant, and equipment		
Buildings and structures	91	268
Land	197	327
Right-of-use assets	−	56
Total	288	651

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 are 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 assets (contract related intangible asset) with indefinite useful lives are 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, 2023)	Current fiscal year (As of December 31, 2024)
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 have 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 terms 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, 2023)		Current fiscal year (As of December 31, 2024)	
	Discount rate	Growth rate	Discount rate	Growth rate
Beverage	6.0%	0.4%	5.8%	0.5%

(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 flow 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 185,552 million yen in the current fiscal year. However, if the discount rate is greater than 7.6% or the growth rate is less than (1.6)%, an impairment loss may occur.

Cash-generating unit or cash-generating unit groups	Previous fiscal year (As of December 31, 2023)		Current fiscal year (As of December 31, 2024)	
	Discount rate	Growth rate	Discount rate	Growth rate
Beverage	7.4%	(1.4) %	7.6%	(1.6)%

13. 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, 2023)	Current fiscal year (As of December 31, 2024)
Current		
Prepaid expenses	7,070	7,542
Income tax receivable	—	849
Consumption tax receivable	947	813
Other	271	652
Total	8,288	9,856
Non-current		
Long-term prepaid expenses	4,196	4,531
Other	50	—
Total	4,245	4,531

14. 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, 2023)	Current fiscal year (As of December 31, 2024)
Trade payables	41,523	44,680
Accounts payable - other	70,335	71,429
Accrued expenses	4,754	4,259
Total	116,612	120,367

15. 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, 2023	1,763	17	1,781
Provision	150	–	150
Decrease during the fiscal year (intended use)	(77)	–	(77)
Reversal	(334)	(17)	(352)
Increase due to passage of time and change in discount rate	5	–	5
Other	–	–	–
Balance on December 31, 2024	1,506	–	1,506
Current	–	–	–
Non-current	1,506	–	1,506
Total	1,506	–	1,506

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 waste, the estimated amount of expenditure is recognized as environmental measures provisions.

16. 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, 2023)	Current fiscal year (As of December 31, 2024)	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	—
Subtotal	40,979	1,000		
Non-current				
Bond	109,802	109,852	0.23	2026 to 2029
Long-term loans payable	5,000	4,000	0.15	2026
Subtotal	114,802	113,852		
Total	155,781	114,852		

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: Previous fiscal year (As of December 31, 2023)	Carrying amount: Current fiscal year (As of December 31, 2024)	Interest rate (%)	Collateral	The due date for redemption
The Company	1st unsecured bond	Sep 19, 2019	40,000	39,979 (39,979)	—	0.10	None	Sep 19, 2024
The Company	2nd unsecured bond	Sep 19, 2019	60,000	59,918	59,948	0.20	None	Sep 18, 2026
The Company	3rd unsecured bond	Sep 19, 2019	50,000	49,884	49,904	0.27	None	Sep 19, 2029
	Total			149,781	109,852			

(Note) 1. The amount in parentheses is the redemption amount due within one year.
2. All interest rates are fixed rates.

17. 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, 2023)	Current fiscal year (As of December 31, 2024)
Depreciation of Right-of-use assets		
Buildings and structures	5,196	5,261
Vehicles	—	453
Total	5,196	5,714
Interest expense on lease liabilities	245	380
Total cash outflows related to leases	(5,418)	(6,420)
Gains (losses) from sale and leaseback transactions	—	2,979

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, 2023)	Current fiscal year (As of December 31, 2024)
Right-of-use assets		
Buildings and structures	23,324	20,563
Land	570	518
Vehicles	—	5,849
Total	23,894	26,930

The increase in Right-of-use assets for the end of the previous fiscal year and the end of the current fiscal year was 8,529 million yen and 12,977 million yen.

18. 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, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Balance at the beginning of the year	103,370	101,185
Service expense	2,890	2,794
Interest expense	2,021	1,937
Remeasurement:		
Actuarial gains arising from changes in demographic assumptions	—	797
Actuarial gains arising from changes in financial assumptions	378	(2,476)
Experience adjustment	16	190
Benefit payments	(7,490)	(6,450)
Balance at the end of the year	101,185	97,978

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 9.1 years, respectively.

(b) Changes in fair value of plan assets

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

(Millions of yen)

	Previous fiscal year (From January 1, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Balance at the beginning of the year	92,198	93,036
Interest revenue	1,746	1,717
Remeasurement:		
Return on plan asset	5,376	5,179
Contributions by employer	—	—
Benefit payments	(6,284)	(5,525)
Balance at the end of the year	93,036	94,407

(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, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Balance at the beginning of the year	6,644	11,706
Remeasurement:		
Effect of limiting the amount of net plan assets to the amount of asset ceiling	4,933	6,303
Interest revenue	130	222
Balance at the end of the year	11,706	18,231

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 assets

The relationships between defined benefit plans obligations and plan assets 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, 2023)	Current fiscal year (As of December 31, 2024)
Defined benefit plans obligations (funded)	81,329	76,175
Plan assets	93,036	94,407
Net deficit of funded defined benefit plans	(11,706)	(18,231)
Adjustments due to asset ceiling	11,706	18,231
Subtotal	—	—
Defined benefit plans obligations (unfunded)	19,856	21,803
Total	19,856	21,803
Net defined benefit liabilities	19,856	21,803
Net defined benefit assets	—	—
Net defined benefit liabilities recognized in the consolidated statements of financial position	19,856	21,803

(e) Major items of plan assets

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 assets 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 assets diversify 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 assets.

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

(Millions of yen)

	Previous fiscal year (As of December 31, 2023)			Current fiscal year (As of December 31, 2024)		
	With quoted prices in active market	Without quoted price in active market	Total	With quoted prices in active market	Without quoted prices in active market	Total
Equity instrument						
Domestic securities	–	6,612	6,612	–	7,841	7,841
Foreign securities	–	16,335	16,335	–	20,540	20,540
Debt instrument						
Domestic bonds	–	3,512	3,512	–	3,410	3,410
Foreign bonds	–	17,915	17,915	–	21,055	21,055
General account	–	27,989	27,989	–	23,827	23,827
Alternative	–	20,419	20,419	–	16,078	16,078
Other	127	127	253	0	1,657	1,657
Total	127	92,909	93,036	0	94,407	94,407

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 their 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, 2023)	Current fiscal year (As of December 31, 2024)
Discount rate	1.92%	2.20%
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, 2023)		Current fiscal year (As of December 31, 2024)	
	Increasing	Reduction	Increasing	Reduction
Discount rate				
0.25% decrease	2,478	—	2,228	—
0.25% increase	—	2,381	—	2,144
Rate of salary increase				
0.5% decrease	—	200	—	180
0.5% increase	214	—	191	—

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 10,004 million yen and 9,971 million yen, respectively.

19. 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, 2023)	Current fiscal year (As of December 31, 2024)
Current		
Deposit received	4,241	4,396
Accrued paid leave	5,073	5,316
Consumption tax payable	1,395	1,686
Accrued bonuses	14,876	12,484
Other	3,712	3,607
Total	29,297	27,488
Non-current		
Long-term deposits received	1,054	533
Other long-term employee benefits obligations	1,893	1,953
Other	862	1,669
Total	3,809	4,155

20. 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, 2023 to December 31, 2023	Current fiscal year (From January 1, 2024 to December 31, 2024
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 (Note)	—	(23,000)
Outstanding at the end of the fiscal year	206,269	183,269

(Note) The decrease of the number of shares outstanding in the current fiscal year is due to cancellation of treasury shares.

(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 shares

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, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Number of treasury share		
Outstanding at the beginning of the fiscal year	26,928	26,834
Increase during the fiscal year	3	1,888
Decrease during the fiscal year	(98)	(23,148)
Outstanding at the end of the fiscal year	26,834	5,574

(Note)

1. The end balance of the previous consolidated fiscal year includes 1,261 thousand shares of Executive reward BIP Trust, and 1,789 thousand shares of Stock-granting ESOP Trust.
   The end balance of the current consolidated fiscal year includes 1,261 thousand shares of Executive reward BIP Trust, and 1,641 thousand shares of Stock-granting ESOP Trust.
2. The increase in the previous consolidated fiscal year is due to the acquisition of shares of less than one unit.
   The increase in the current consolidated fiscal year is due to the purchase of 1,884 thousand shares based on a resolution of the Board of Directors Meeting and the purchase of 4 thousand shares constituting less than one unit.
3. The decrease in the previous consolidated fiscal year is due to the disposal of treasury shares.
   The decrease in the current consolidated fiscal year is due to the cancellation of 23,000 thousand treasury shares based on a resolution of the Board of Directors Meeting and the disposal of treasury shares by 148 thousand 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, 2023	—	1,341	(163)	—	1,177
Amount arising during the year	33	893	(587)	—	338
Changes in owners' interest in subsidiaries	(33)	(1,219)	—	—	(1,252)
Reclassification from accumulated other comprehensive income to retained earnings	—	—	(41)	—	(41)
Balance on December 31, 2023	—	1,015	(792)	—	223
Amount arising during the year	248	1,023	140	—	1,411
Reclassification from accumulated other comprehensive income to retained earnings	(248)	(370)	—	—	(618)
Reclassification from accumulated other comprehensive income to non-financial assets	—	—	476	—	476
Balance on December 31, 2024	—	1,668	(176)	—	1,492

All amounts above are net of taxes.

21. 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, 2022 to December 31, 2024, January 1, 2023 to December 31, 2025, and January 1, 2024 to December 31, 2026. 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, 2023)	Current fiscal year (As of December 31, 2024)
PSU	1,237	2,142
RSU	1,237 (Note) 1 1,278 (Note) 2 1,237	2,142 (Note) 1 2,080 —

(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 572 million yen and 501 million yen.

22. Dividends

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

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 Meeting	Ordinary share	4,562	25	June 30, 2023	September 1, 2023

(Note) The total amount of dividends resolved 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.

For the year ended December 31, 2024

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
August 2, 2024 Board of Directors Meeting	Ordinary share	4,562	25	June 30, 2024	September 2, 2024

(Note) The total amount of dividends resolved on March 26, 2024, Ordinary general meeting of shareholders includes 76 million yen for the Company shares held by Executive reward BIP Trust and Stock granting ESOP Trust. The total amount of dividends resolved on August 2, 2024, Board of Directors Meeting includes 73 million yen for the Company shares held by 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, 2025 Ordinary General Meeting of Shareholders	Ordinary share	5,057	Retained earnings	28	December 31, 2024	March 28, 2025

(Note) The total amount of dividends includes 81 million yen for the Company's shares held by the Executive reward BIP Trust and Stock-granting ESOP Trust.

23. Revenue Decomposition

(1) Revenue

The Group's organizational structure is based on the Beverage segments. The beverage business is the component 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 beverage business 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, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Revenue		
Other revenue arising from customers and contracts		
Beverage	868,560	892,665
Other	20	16
Total	868,581	892,681

(2) Contract balances

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

(Millions of yen)

	The beginning of previous fiscal year (January 1, 2023)	Previous fiscal year (December 31, 2023)	Current fiscal year (December 31, 2024)
Receivables arising from contracts with customers			
Accounts and Notes receivable	77,105	79,994	85,715
Total	77,105	79,994	85,715
Contract liabilities (Other current liabilities)	1,147	1,135	1,424

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 the previous fiscal year and the current fiscal year, which was included in the contract liability balance at the beginning of the period was 1,147 million yen and 1,135 million yen. The amount of revenue recognized from performance obligations satisfied in prior periods was not material for both the previous fiscal year and the 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 customers do not include any material financial elements.

24. Selling, general, and administrative expenses

Selling, general and administrative expenses for the previous fiscal year and the current fiscal year are as follows:

(Millions of yen)

	Previous fiscal year (From January 1, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Depreciation	28,766	28,399
Amortization	3,409	3,244
Sales commissions and promotional expenses	110,673	120,497
Employee benefits expenses	109,344	105,912
Shipping and commissions	77,608	80,045
Maintenance fee	16,411	17,460
Other	34,810	33,977
Total	381,022	389,534

25. 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, 2023 to December 31, 2023)		Current fiscal year (From January 1, 2024 to December 31, 2024)	
	Cost of goods sold	Selling, general and administrative expenses	Cost of goods sold	Selling, general and administrative expenses
Salaries and wages	9,805	65,785	9,971	64,933
Welfare and legal welfare expenses	1,252	8,553	1,259	8,220
Bonus	3,018	23,096	2,532	20,829
Retirement benefit costs	1,576	11,909	1,573	11,930
Total	15,652	109,344	15,335	105,912

26. Other income and other expenses

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

(Millions of yen)

	Previous fiscal year (From January 1, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Other income		
Gains on sales of property, plant, and equipment (Note) 1	4,425	5,501
Rent income	203	173
Other	528	740
Total	5,156	6,414
Other expense		
Impairment losses	288	651
Losses on sales and disposals of property, plant, and equipment	1,825	1,778
Transformation-related expenses (Note) 2	2,491	3,333
Special retirement allowance (Note) 3	52	17
Other	246	175
Total	4,902	5,955

(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. The total amount of gains on sales of property, plant, and equipment includes 2,979 million yen of gains from sale and leaseback transactions.
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 previous fiscal year and current fiscal year.
3. 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.

27. Financial income and financial expenses

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

(Millions of yen)

	Previous fiscal year (From January 1, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Financial income		
Interest income		
Financial assets measured at amortized cost	0	3
Dividends income		
Financial assets measured at fair value through other comprehensive income	178	112
Foreign exchange profits	322	13
Other	35	209
Total	535	337
Finance expense		
Interest expenses		
Financial liabilities measured at amortized cost.	660	769
Foreign exchange losses	—	37
Other	93	26
Total	753	832

28. 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, 2023)	Current fiscal year (As of December 31, 2024)	Previous fiscal year (From January 1, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Deferred tax assets				
Property, plant and equipment and intangible asset	6,795	7,187	2,086	392
Lease	7,308	6,450	890	(859)
Financial assets	1,314	941	40	(215)
Employee benefits	15,431	14,668	3,447	(648)
Inventories	1,186	1,057	(344)	(129)
Carryforwards of unused tax losses	17,004	15,002	(2,418)	(2,002)
Other	2,546	1,540	222	(330)
Subtotal	51,584	46,845	3,924	(3,789)
Deferred tax liabilities				
Property, plant and equipment and intangible asset	(32,939)	(31,214)	849	1,726
Lease	(7,063)	(6,382)	(846)	681
Financial assets	(1,751)	(2,037)	154	60
Employee benefits	—	(101)	—	(101)
Other	(1,365)	(584)	122	105
Subtotal	(43,119)	(40,317)	279	2,472
Total deferred tax expense	—	—	4,203	(1,317)
Total deferred taxes	8,465	6,528		

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 14,349 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.

In addition, the uncertainty of estimating future taxable income may increase due to changes in the economic environment surrounding the Group, market conditions and other factors.

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, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Balance at the beginning of the fiscal year (liabilities)	3,424	8,465
Amounts recognized in deferred tax expense	4,203	(1,317)
Amounts recognized in other comprehensive income	838	(619)
Balance at the end of the year (liabilities)	8,465	6,528

(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 have 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, 2023)	Current fiscal year (As of December 31, 2024)
Deductible temporary differences	15,080	15,516

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

(Millions of yen)

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Investments in subsidiaries and associates	31,191	38,399

(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, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Current tax expenses	5,524	4,190
Deferred tax expenses (profit)		
Incurrence and reversal of temporary difference	(4,203)	594
The change in tax rate	—	723
Subtotal	(4,203)	1,317
Total	1,321	5,507

(4) Reconciliation of effective tax rate

The group mainly levies on corporate tax, inhabitant’s tax, and enterprise tax. The statutory tax rate based on those taxed of previous fiscal year and current fiscal year are both 31.46%.

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, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Statutory tax rate	31.46%	31.46%
Items which are not taxable or deductible	7.02%	1.79%
Changes in unrecognized deferred tax assets	0.84%	0.82%
Tax rate difference between the Company and subsidiaries	5.99%	3.27%
Impact from the change in tax rate	—	5.61%
Other	(4.33)%	(0.25)%
Applicable tax rate	40.98%	42.70%

29. 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, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans:		
Amount arising during the year	50	364
Tax effect	(17)	(116)
Net of tax	33	248
Share of other comprehensive income in equity method investees:		
Amount arising during the year	—	—
Tax effect	—	—
Net of tax	—	—
Financial assets measured at fair value through other comprehensive income:		
Amount arising during the year	1,353	1,408
Tax effect	(460)	(385)
Net of tax	893	1,023
Subtotal	926	1,272
Cash flow hedge:		
Amount arising during the year	(898)	213
Tax effect	311	(74)
Net of tax	(587)	140
Subtotal	(587)	140
Total other comprehensive income	338	1,411

30. 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)

	Long-term loans payable (Note)	Bonds (Note)	Lease liabilities
Balance as of January 1, 2023	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
Changes with cash flows	(1,000)	(40,000)	(6,420)
Changes without cash flows	−	71	8,617
Balance on December 31, 2024	5,000	109,852	27,812

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

31. Financial instruments

(1) Financial risk management

The Group is 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 loss related to asset whose credit risk has been increased significantly and credit-impaired financial assets 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, 2023

(Millions of yen)

	Financial assets assessed by 12-month expected credit losses	Financial assets assessed by an amount equal to lifetime expected credit losses	Financial assets 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 assets assessed by an amount equal to lifetime expected credit losses is primarily credit-impairment financial assets.

As of December 31, 2024

(Millions of yen)

	Financial assets assessed by 12-month expected credit losses	Financial assets assessed by an amount equal to lifetime expected credit losses	Financial assets of applying simplified approaches	Total
Unexpired	33,946	19	79,151	113,116
Within 60 days of the due date	11	—	6,531	6,542
More than 60 days from the due date	—	4	24	28
Total	33,956	23	85,706	119,685

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

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.

As of December 31, 2023

(Millions of yen)

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

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

As of December 31, 2024

(Millions of yen)

	Financial assets assessed by 12-month expected credit losses	Financial assets assessed by an amount equal to lifetime expected credit losses	Total
Other financial asset	3,921	838	4,760

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

(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, 2023

(Millions of yen)

	Financial assets assessed by 12-month expected credit losses	Financial assets assessed by an amount equal to lifetime expected credit losses	Financial assets 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

For the year ended December 31, 2024

(Millions of yen)

	Financial assets assessed by 12-month expected credit losses	Financial assets assessed by an amount equal to lifetime expected credit losses	Financial assets of applying simplified approaches	Total
Balance on January 1, 2024	46	17	87	150
Provision	34	20	81	135
Reduction during the period (purpose use)	—	—	—	—
Reduction during the period (reversal)	(46)	(17)	(87)	(150)
Balance on December 31, 2024	34	20	81	135

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

Other financial assets

For the year ended December 31, 2023

(Millions of yen)

	Financial assets assessed by 12-month expected credit losses	Financial assets 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

For the year ended December 31, 2024

(Millions of yen)

	Financial assets assessed by 12-month expected credit losses	Financial assets assessed by an amount equal to lifetime expected credit losses	Total
Balance on January 1, 2024	0	382	382
Provision	0	70	70
Decrease during the period (intended use)	―	(26)	(26)
Reduction during the period (reversal)	(0)	(65)	(66)
Balance on December 31, 2024	0	360	360

(c) Impact of significant changes in the gross carrying amount of financial instruments 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, 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

As of December 31, 2024

(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	120,367	120,367	120,367	—	—
Bonds and loans payable	114,852	115,927	1,262	114,665	—
Finance lease liabilities	27,812	29,443	6,198	12,144	11,100
Derivative financial liabilities					
Forward exchange contracts	—	—	—	—	—
Commodity swap	947	947	947	—	—
Total	263,979	266,685	128,775	126,809	11,100

(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 454 million yen and 428 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 income 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, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
ROE	0.40%	1.56%
ROA	0.39%	1.56%

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, 2023

(Millions of yen)

	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortized cost	Total
Cash and cash equivalents	—	—	113,660	113,660
Trade and other receivables	—	—	120,069	120,069
Other financial assets (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 assets (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

As of December 31, 2024

(Millions of yen)

	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortized cost	Total
Cash and cash equivalents	—	—	88,473	88,473
Trade and other receivables	—	—	119,551	119,551
Other financial assets (current)				
Derivative assets	672	—	—	672
Term deposits which mature due within three months	—	—	10	10
Current portion of long-term loans receivable	—	—	6	6
Other	—	—	—	—
Subtotal	672	—	16	688
Other financial assets (non-current)				
Derivative assets	18	—	—	18
Securities	—	6,411	—	6,411
Long-term loans receivable	—	—	12	12
Other	—	96	4,372	4,468
Subtotal	18	6,507	4,384	10,908
Total	690	6,507	212,423	219,620

Financial liabilities

As of December 31, 2023

(Millions of yen)

	Financial instruments measured at fair value through profit or loss	Financial instruments 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

As of December 31, 2024

(Millions of yen)

	Financial instruments measured at fair value through profit or loss	Financial instruments measured at amortized cost	Total
Trade and other payables	—	120,367	120,367
Bonds and loans payable	—	114,852	114,852
Lease liabilities	—	27,812	27,812
Other financial liabilities (current)			
Derivative liabilities	947	—	947
Subtotal	947	—	947
Other financial liabilities (non-current)			
Derivative liabilities	—	—	—
Subtotal	—	—	—
Total	947	263,032	263,979

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 the 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, 2023)	Current fiscal year (As of December 31, 2024)
Mitsubishi Heavy Industries, Ltd.	742	2,001
Central Japan Railway Company	969	802
Japan Airport Terminal Co., Ltd	621	500
AEON CO., LTD.	353	415
Oriental Land Co., Ltd.	68	270
Nishi-Nippon Railroad Co., Ltd.	956	—
IZUMI Co., Ltd.	338	—

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, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Dividends income	93	58

The Group disposed of 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, 2023, to December 31, 2023)			Current fiscal year (From January 1, 2024, to December 31, 2024)		
Fair value	Cumulative gain (Loss)	Dividends income	Fair value	Cumulative gain (Loss)	Dividends income
5,652	2,848	84	2,461	700	54

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 20. Equity (5) Accumulated other comprehensive income.

(7) Fair value of financial instruments

(a) Classification by level of fair value Hierarchy

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

The fair value hierarchy is defined as follows:

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

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

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

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

There were no transfers between Level 1, 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 input used in Level 3 fair value measurement for the previous fiscal year and the current fiscal year are as follows:

As of December 31, 2023

Type	Valuation technique	Significant unobservable inputs	Interactions between significant unobservable inputs and fair value measurement
Financial instruments 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 December 31, 2024

Type	Valuation technique	Significant unobservable inputs	Interactions between significant unobservable inputs and fair value measurement
Financial instruments measured at fair value through other comprehensive income (Securities)	Comparison of similar companies	EBIT Multiple:10.7 times PBR: 1.0-2.3 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 instruments measured fair value on a recurring basis

The breakdown of financial instruments 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, 2023

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments measured at fair value through profit or loss:				
Derivative assets	−	80	−	80
Subtotal	−	80	−	80
Financial instruments 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 instruments measured at fair value through profit or loss:				
Derivative liabilities	−	1,127	−	1,127
Total	−	1,127	−	1,127

As of December 31, 2024

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments measured at fair value through profit or loss:				
Derivative assets	−	690	−	690
Subtotal	−	690	−	690
Financial instruments measured at fair value through other comprehensive income:				
Securities	4,275	−	2,136	6,411
Other	−	−	96	96
Subtotal	4,275	−	2,231	6,507
Total	4,275	690	2,231	7,197
Financial liabilities				
Financial instruments measured at fair value through profit or loss:				
Derivative liabilities	−	947	−	947
Total	−	947	−	947

The main valuation techniques used to fair value measurement the financial instruments of 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 instruments 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, 2023	3,135
Purchase	3
Disposals	(217)
Gains or losses recognized in other comprehensive income	92
Other	—
Balance on December 31, 2023	3,013
Purchase	—
Disposals	(720)
Gains or losses recognized in other comprehensive income	(46)
Other	(16)
Balance on December 31, 2024	2,231

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

(d) Financial instruments 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, 2023

(Millions of yen)

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

As of December 31, 2024

(Millions of yen)

	Carrying amount	Fair value	Difference
Long-term loans payable and bonds	114,852	112,240	2,612

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 of the financial instruments in the table above are as follows:

a. Loans payable

Loans payable with variable interest rates are calculated as 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 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, 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.

As of December 31, 2024

(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	7,605	370	−
	Price risk	Commodity swap	12,612	320	947
	Total		20,217	690	947

The average exchange rate used for forward exchange contracts was 147.21 yen per U.S. dollar.

In hedging transactions conducted by the Group, the entire hedged 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 2025 to December 2025.

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, 2023)	Current fiscal year (As of December 31, 2024)
Forward exchange contracts	(219)	175
Commodity swap	(573)	(352)
Total	(792)	(176)

(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 instruments designated as cash flow hedges for the previous fiscal year and the current fiscal year are as follows:

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)	—

For the year ended December 31, 2024

(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	793	66	370	—
Price risk	(579)	—	(469)	—
Total	213	66	(99)	—

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.

32. Specified subsidiaries

Specified 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.

Operating segment	Name of subsidiary	Location of head office	The details of the business	Percentage of voting right Previous fiscal year (As of December 31, 2023)	Percentage of voting right Current fiscal year (As of December 31, 2024)
Beverage business	Coca-Cola Bottlers Japan Inc.	Minato-ku, Tokyo	Manufacture and sales of beverages 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%
	NeoArc Inc.	Minato-ku, Tokyo	Back-office operations on consignment and development of computer systems	—	81.0%

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

33. 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.

Operating segment	Name of associate	Location of head office	The details of the business	Percentage of voting right	
				Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
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.

34. 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, 2023)	Current fiscal year (As of December 31, 2024)
Property, plant, and equipment	2,252	1,841
Intangible assets	1	—
Total	2,253	1,841

Purchase commitments excluding the above amounts were 4,271 million yen and 4,093 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.

35. 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.

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

	For the year ended December 31, 2023	For the year ended December 31, 2024
Income attributable to owners of parent (millions of yen)	1,871	7,309
Weighted-average number of common shares issued (in thousands)	179,383	179,341
Increase in common shares		
Share of share-based compensation (in thousands)	1,227	1,246
Diluted weighted-average number of shares (in thousands)	180,609	180,587
Basic earnings per share (yen)	10.43	40.76
Diluted earnings per share (yen)	10.36	40.48

Note　We have introduced an 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 basic earnings per share and diluted earnings per share. The weighted average number of common shares deducted was 26,886 thousand shares for the previous fiscal year and 23,389 thousand shares for the current fiscal year.

36. 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, 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

For the year ended December 31, 2024

(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	129,988	26,675
		Purchase of concentrate	317,704	16,969
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	4,340	316
		Purchase of soft drinks	1,011	30

(Note)
1. The transaction amount does not include consumption taxes, but the outstanding amount 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, 2023 to December 31, 2023	Current fiscal year (From January 1, 2024 to December 31, 2024
Remuneration	561	604
Share-based compensation	292	300
Bonus	271	256
Compensation upon retirement	23	24
Other	—	—
Total	1,147	1,183

37. Subsequent events

Not applicable.

(2) Other information

Quarterly Information etc. for the current consolidated fiscal year

		The first cumulative quarterly consolidated accounting period	The interim consolidated accounting period	The third cumulative quarterly consolidated accounting period	The current consolidated fiscal year
Revenue	(Millions of yen)	186,528	411,455	676,612	892,681
Net income (loss) before income taxes for the interim period(quarter) or the fiscal year	(Millions of yen)	(3,342)	873	17,238	12,896
Net income (loss) attributable to owners of the parent for the interim period (quarter) or the fiscal year	(Millions of yen)	(2,897)	(297)	10,017	7,309
Basic earnings (losses) per share for the interim period (quarter) or the fiscal year	(Yen)	(16.14)	(1.65)	55.79	40.76

		The first consolidated accounting period	The second consolidated accounting period	The third consolidated accounting period	The fourth consolidated accounting period
Basic earnings (losses) per share for the quarter	(Yen)	(16.14)	14.49	57.44	(15.03)

Note Review of the accounting information for the third cumulative quarterly consolidated accounting period: None.

2. Financial Statements (Non-consolidated)

(1) Financial statements (non-consolidated)

1) Balance sheet

(Millions of yen)

		Previous fiscal year (As of December 31, 2023)		Current fiscal year (As of December 31, 2024)
Assets				
Current assets				
Cash and deposits		6,999		7,388
Operating accrued income receivable	*1	482		—
Prepaid expenses		571		53
Short-term loan receivable of subsidiaries and affiliates		88,650		41,613
Accrued income receivable	*1	9	*1	10
Total current assets		96,710		49,064
Fixed assets				
Property, plant, and equipment				
Buildings		10,911		9,952
Structures		716		638
Machinery, equipment, and vehicles		6		4
Land		47,006		46,292
Total property, plant, and equipment		58,640		56,886
Intangible assets				
Leasehold		27		27
Total intangibles asset		27		27
Investments and other asset				
Investment securities of subsidiaries and associates		342,561		342,561
Deferred tax assets		—		70
Other		417		417
Total investments and other assets		342,978		343,048
Total fixed assets		401,644		399,961
Total assets		498,355		449,025

(Millions of yen)

		Previous fiscal year (As of December 31, 2023)		Current fiscal year (As of December 31, 2024)
Liabilities				
Current liabilities				
Current portion of bonds payable		40,000		—
Accounts payable	*1	284	*1	367
Accrued expenses		3		3
Deposits	*1	8,526	*1	9,255
Bonus provision		13		16
Provision of directors' bonuses		271		233
Provision for performance-linked incentive compensation		—		140
Income tax payable		601		994
Other		161		399
Total current liabilities		49,859		11,408
Non-current liabilities				
Bonds		110,000		110,000
Allowance for retirement benefit		2		2
Deferred tax liabilities		21		—
Asset retirement obligations		668		658
Performance-linked compensation provision		813		1,033
Other		147		173
Total non-current liabilities		111,651		111,866
Total liabilities		161,510		123,274
Net assets				
Shareholders' equity				
Capital share		15,232		15,232
Capital surplus				
Legal capital reserve		108,167		108,167
Other capital surplus		153,438		80,276
Total capital surplus		261,604		188,443
Retained earnings				
Legal reserve		3,317		3,317
Other retained earnings				
Excess tax depreciation reserve		674		674
General reserve		110,388		110,388
Retained earnings brought forward		25,811		19,067
Total Other retained earnings		140,190		133,445
Treasury Share		(80,182)		(11,369)
Total shareholders' equity		336,844		325,751
Total net assets		336,844		325,751
Total liabilities and net assets		498,355		449,025

2) Statements of income

(Millions of yen)

		Previous fiscal year (From January 1, 2023 to December 31, 2023)		Current fiscal year (From January 1, 2024 to December 31, 2024)
Operating revenue	*1	6,052	*1	5,773
Operating expenses	*1, *2	4,504	*1, *2	4,249
Operating profit		1,548		1,524
Non-operating income				
Interest and dividends income	*1	116	*1	33
Compensation for expropriation		—		66
Other		7		11
Total non-operating income		123		110
Non-operating expenses				
Interest expense	*1	296	*1	284
Other		75		18
Total non-operating expenses		370		302
Ordinary profit		1,301		1,332
Extraordinary income				
Gain on sales of non-current assets	*3	1,083	*3	2,568
Total extraordinary income		1,083		2,568
Extraordinary losses				
Impairment losses	*4	103	*4	203
Total extraordinary losses		103		203
Income before income tax		2,281		3,697
Income taxes		890		1,409
Income tax adjustments		42		(91)
Total income taxes		932		1,318
Net profit		1,349		2,379

3) Statements of changes in equity

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

(Millions of yen)

	Shareholders' equity					
	Capital stock	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 income	—	—	—	—	—	1,349
Purchase of treasury shares	—	—	—	—	—	—
Disposal of treasury shares	—	—	(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 income	1,349	—	1,349	1,349
Purchase of treasury shares	—	(5)	(5)	(5)
Disposal of treasury shares	—	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

Current fiscal year (From January 1, 2024, to December 31, 2024)

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Legal capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings
Balance on January 1, 2024	15,232	108,167	153,438	261,604	3,317	136,873
Changes during the year						
Dividend of surplus	—	—	—	—	—	(9,124)
Net income	—	—	—	—	—	2,379
Withdrawal of reserves						
Purchase of treasury shares	—	—	—	—	—	—
Disposal of treasury shares	—	—	(0)	(0)	—	—
Cancellation of treasury shares	—	—	(73,161)	(73,161)	—	—
Net changes in items other than shareholders' equity	—	—	—	—	—	—
Total changes during the year	—	—	(73,162)	(73,162)	—	(6,745)
Balance on December 31, 2024	15,232	108,167	80,276	188,443	3,317	130,128

	Shareholders' equity			Total net assets
	Retained earnings	Treasury Shares	Total shareholders' equity	
	Total retained earnings			
Balance on January 1, 2024	140,190	(80,182)	336,844	336,844
Changes during the year				
Dividend of surplus	(9,124)	—	(9,124)	(9,124)
Net income	2,379	—	2,379	2,379
Withdrawal of reserves				
Purchase of treasury shares	—	(4,568)	(4,568)	(4,568)
Disposal of treasury shares	—	220	220	220
Cancellation of treasury shares	—	73,161	—	—
Net changes in items other than shareholders' equity	—	—	—	—
Total changes during the year	(6,745)	68,813	(11,093)	(11,093)
Balance on December 31, 2024	133,445	(11,369)	325,751	325,751

Supplemental Notes of the statement of changes in equity

(Note) Breakdown of other retained earnings

Previous 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

Current fiscal year (From January 1, 2024, to December 31, 2024)

	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	674	110,388	25,811	136,873
Changes during the year				
Dividend of surplus	–	–	(9,124)	(9,124)
Net income	–	–	2,379	2,379
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)	–	(6,744)	(6,745)
Balance on December 31	674	110,388	19,067	130,128

【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) Intangible 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.

(Accounting standard not yet adopted)

・"Accounting Standard for Leases"
(ASBJ Statement No.34, September 13, 2024, The Accounting Standards Board of Japan)
・"Implementation Guidance on Accounting Standard for Leases"
(ASBJ Guidance No. 33, September 13, 2024, The Accounting Standards Board of Japan)

(1) Outline

As a part of initiatives by the Accounting Standards Board of Japan (ASBJ) to converge JGAAP to international standards, deliberations were conducted on the development of accounting standards for leases that require lessees to recognize assets and liabilities for all leases, taking IFRS into account. As a fundamental policy, the accounting standard for leases, etc. published are based on the single accounting model of IFRS 16. However, instead of fully applying all provisions of IFRS 16, only the key provisions have been incorporated. This approach aims to create a simplified and highly practical standard while ensuring that applying IFRS 16 to individual financial statements would generally require no revision.

As the accounting treatment of lessee, the cost allocation method for the lessee is the same as IFRS 16. No matter the lease is classified as a finance lease or operating lease, all lease transactions are applied to a single lessee accounting model which requires the lessee to recognize depreciation expenses related to right-of-use assets and the amount equivalent to interest related to lease liabilities.

(2) The scheduled application date

From the beginning of the fiscal year ending December 31, 2028.

(3) The impact of the application

The amount of impact from the application of the "Accounting Standard for Leases", etc. is under evaluation.

(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 the previous fiscal year and the current fiscal year were both 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 of the treasury shares held by the Stock-granting ESOP Trust at the end of the previous fiscal year was 2,653 million yen and 1,789 thousand shares. The book value at the end of the current fiscal year was 2,434 million yen and 1,641 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, 2023)	Current fiscal year (As of December 31, 2024)
Short-term monetary receivables	491 million yen	10 million yen
Short-term monetary payables	8,553	9,312

*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, 2023)	Current fiscal year (As of December 31, 2024)
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 Income)

*1 Transactions with affiliated companies for the previous fiscal year and the current fiscal year are as follows:

	Previous fiscal year (From January 1, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Sales revenue and operating revenue	6,052 million yen	5,773 million yen
Sales expense	365	213
Transactions excluding operating transactions	116	33

*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, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Depreciation.	1,066 million yen	1,007 million yen
Taxes and dues	767	818
Rents expenses	493	493
Insurance expenses	661	517
Consignment expenses of business activities	180	154
Directors' remuneration	542	619
Provision for directors' bonus provision	271	233
Provision for performance-linked compensation provision	364	360
Advertising expenses	8	8
Retirement benefit expenses	9	2
Bonuses and provision for bonuses provision	25	19

*3 The breakdown of gain on sales of non-current assets is as follows:

	Previous fiscal year (From January 1, 2023 to December 31, 2023)	Current fiscal year (From January 1, 2024 to December 31, 2024)
Buildings	7 million yen	20 million yen
Structures	0	2
Land	1,077	2,545

*4 Impairment losses

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.

Previous 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
Chugoku	Idle asset	3	Buildings Constructions Land	8 0 51

Current fiscal year (From January 1, 2024, to December 31, 2024)

Region	Use	Number of locations	Type	Impairment loss (million yen)
Kinki	Idle asset	2	Buildings Constructions Land	0 0 63
Chugoku	Idle asset	2	Buildings Constructions Land	14 1 112
Kyushu	Idle asset	1	Land	14

(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, 2023)	Current fiscal year (As of December 31, 2024)
Deferred tax assets		
Excess of depreciation	1,679 million yen	1,650 million yen
Impairment losses	249	234
Other	779	891
Subtotal deferred tax assets	2,706	2,774
Valuation allowance	(660)	(726)
Total deferred tax assets	2,046	2,048
Deferred tax liabilities		
Advanced depreciation reserve fund	(908)	(902)
Difference on revaluation of land	(1,115)	(1,036)
Other	(45)	(40)
Total deferred tax liabilities	(2,067)	(1,978)
Deferred tax assets (liabilities), net	(21)	70

2. Differences between the statutory tax rate and the applicable tax rate after tax effect

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Statutory tax rate	30.6%	30.6%
Adjustments:		
Permanent differences such as entertainment expense	5.4	3.3
Valuation allowance	5.5	1.8
Other	(0.6)	(0.1)
Applicable tax rate after tax effect	41.0	35.6

(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
Property, plant and equipment	Buildings	—	—	—	936	63,613	53,661
	Structures	—	—	—	76	10,830	10,192
	Tools, instruments, and fixtures	—	—	—	2	35	31
	Land	—	—	—	—	46,292	—
	Total	—	—	—	1,014	120,770	63,884
Intangible assets	Leasehold right	—	—	—	—	27	—
	Total	—	—	—	—	27	—

(Note) 1. Since both the increase and decrease are less than 5% of the total amount of property, plant and equipment, the beginning balance, the "Increase during the year," and "Decrease during the year " are omitted.
2. Since both the increase and decrease are less than 5% of the total amount of intangible assets, the beginning balance, the "Increase during the year," and "Decrease during the year " are omitted.
3. The balance at the end of the fiscal year is 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	13	16	13	16
Allowance for officers' bonuses	271	233	271	233
Allowance for performance-linked pay	813	1,173	813	1,173

(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 (66th term) (January 1, 2023, to December 31, 2023) Submitted to Kanto Finance Bureau on March 27, 2024

(2) Internal control report
Submitted to Kanto Finance Bureau March 27, 2024

(3) Quarterly report and confirmation letter
(First quarter of the 67th term) (January 1, 2024, to March 31, 2024) Submitted to Kanto Finance Bureau on Chief May 9, 2024

(4) Semi-annual report and confirmation letter
(First half of the 67th term) (January 1, 2024, to June 30, 2024) Submitted to Kanto Finance Bureau Chief on August 7, 2024

(5) 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 March 29, 2024

(6) Amended Shelf Registration Statement
Filed with the Director-General of the Kanto Local Finance Bureau on March 29, 2024

(7) Share Buyback Report
Filed with the Director-General of the Kanto Local Finance Bureau on December 3, 2024, January 7, 2025, February 4, 2025, March 4, 2025.

Part II. Information about company which provides guarantee to reportable segment

Not applicable.