

Semi-Annual Report

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

Fiscal Year	From	January 1, 2025
(The first half of the 68 th Term)	To	June 30, 2025

Coca-Cola Bottlers Japan Holdings Inc.

(E00417)

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[Documents to be submitted]	Semi-Annual Report
[Underlying article]	Article 24-5-1, Paragraph 1 of the Financial Instruments and Exchange Act
[Recipient]	Director-General of the Kanto Local Finance Bureau
[Submission date]	August 4, 2025
[Semi-Annual accounting period]	68th fiscal term (from January 1, 2025 to June 30, 2025)
[Company name]	Coca-Cola Bottlers Japan Holdings Inc.
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[Location provided for viewing]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

This is an English translation of the original Semi-Annual Report (“Hanki Hokokusho”) filed with the Director-General of the Kanto Local Finance Bureau via Electronic Disclosure for Investors’ NETwork (“EDINET”) pursuant to the Financial Instruments and Exchange Act of Japan. In the event of any discrepancy between Hanki Hokokusho and this English translation, Hanki Hokokusho shall prevail.

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

Part I Corporate information

Section 1. Corporate overview

1. Changes in key management indicators

Issuance	The 67 th Term Semi-Annual Consolidated Accounting Period	The 68 th Term Semi-Annual Consolidated Accounting Period	The 67 th Term
Accounting period	From January 1, 2024 to June 30, 2024	From January 1, 2025 to June 30, 2025	From January 1, 2024 to December 31, 2024
Revenue (Millions of yen)	411,455	417,942	892,681
Net income (loss) for the period before income taxes (Millions of yen)	873	(92,259)	12,896
Net income (loss) for the period attributable to owners of the parent (Millions of yen)	(297)	(65,892)	7,309
Comprehensive income for the period attributable to owners of the parent (Millions of yen)	1,099	(65,654)	8,721
Equity attributable to owners of the parent (Millions of yen)	467,138	379,255	466,203
Total assets (Millions of yen)	839,226	697,499	804,153
Basic income (loss) per share (Yen)	(1.65)	(378.02)	40.76
Diluted earnings per share (Yen)	—	—	40.48
Ratio of equity attributable to owners of the parent to total assets (%)	55.7	54.4	58.0
Cash flows from operating activities (Millions of yen)	(10,380)	(1,694)	48,883
Cash flows from investing activities (Millions of yen)	(4,103)	(16,474)	(16,128)
Cash flows from financing activities (Millions of yen)	(5,141)	(25,123)	(57,942)
Cash and cash equivalents at the end of the period (Millions of yen)	94,036	45,169	88,473

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

2. Business content

There were no significant changes in the businesses that the Group (the Company and its subsidiaries) is engaged in this Semi-Annual accounting period (January 1, to June 30, 2025, hereinafter referred as “first half”).

The Group changed the classification of reportable segments from this first half of the current fiscal year. For details, please refer to “Section 4. Accounting Status, 1. Condensed Semi-Annual Consolidated Financial Statements, Notes to the Condensed Semi-Annual Consolidated Financial Statements, 6. Segment Information.”

Section 2. Business situations

1. Risk of business

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

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

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

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

(1) Status of Business Performance

For details, please refer to our earnings presentation materials available on the Company IR website (<https://en.ccbj-holdings.com/ir/library/presentation.php>) for our earnings presentation on Friday August 1, 2025, at 5:30 PM (JST). The earnings presentation audio webcast was available live and on demand through our company website.

Summary of the Semi-Annual accounting period (January 1, 2025 to June 30, 2025, hereinafter referred as “first half”), is as below.

Summary of Business Performance

(Millions of yen except sales volume)

First half (January 1 to June 30)

	2024	2025	Change (%)
Revenue	411,455	417,942	1.6
Sales volume (million cases)	232	230	(1)
Gross profit	181,204	183,413	1.2
Selling, General & Administrative Expenses	183,971	181,599	(1.3)
Other income (Recurring)	561	334	(40.5)
Other expenses (Recurring)	599	686	14.5
Investment income on equity method	14	73	405.1
Business income (loss)	(2,791)	1,535	—
Other income (Non-recurring)	5,429	839	(84.6)
Other expenses (Non-recurring)	1,432	94,543	—
Operating income (loss)	1,207	(92,170)	—
Net loss attributable to owners of parent	(297)	(65,892)	—

Note “Business income” is a measure of our recurring business performance. “Business income” deducts cost of sales and selling, general and administrative expenses from revenue, and includes other income and expenses which we believe are recurring in nature.

Sales volume in the first half decreased 1% compared to the same period in the prior year, reflecting the negative impact on demand from price revisions implemented in the previous fiscal year and the cycling effect of the full renewal of Ayataka in the same period of the prior year. However, these factors were offset by efforts to strengthen core categories, expand sales space, and implement effective marketing activities, resulting in a growth rate that exceeded the overall market.

Consolidated revenue was 417,942 million yen (an increase of 6,488 million yen or 1.6% from the same period in the prior year). Wholesale revenue per case improved as a result of price revisions, resulting in higher revenue than in the same period of the prior year.

Consolidated business income was 1,535 million yen (an increase of 4,326 million yen). Top-line growth and cost savings through transformation contributed to improved profitability, and business income improved while investing at an appropriate level to strengthen the foundation.

Consolidated operating loss was 92,170 million yen, with loss expanding by 93,376 million yen from the same period in the prior year (1,207 million yen income in the same period in the prior year). Although business income increased compared with the same

period in the prior year, this was due to the recording of a non-cash impairment loss in the second quarter (April 1 to June 30) as a result of the revaluation of fixed assets in the vending business to achieve optimal capital allocation in the future. Additionally, Other income (non-recurring) for the first half includes a gain on the sales and disposals of property, plant, and equipment of 815 million yen recognized during the process of optimizing the balance sheet. Other expenses (non-recurring) included an impairment loss of 88,939 million yen mainly due to the impairment in the vending business mentioned above, 3,234 million yen in special retirement allowances related to the voluntary employee retirement program, and 2,108 million yen in business structure improvement costs related to the implementation of fundamental transformation initiatives.

Net loss attributable to owners of the parent increased by 65,595 million yen (loss increased) with operating loss expanding from the same period in the prior year, it was a loss of 65,892 million yen (297 million yen loss in the same period in the prior year).

The financial results by segment are as follows.

The reportable segment classification has been changed from this first half. Accordingly, the comparison and analysis with the first half of the previous year are presented based on the new classification.

a. Vending Business

Revenue was 189,660 million yen (a decrease of 2,548 million yen or 1.3% from the same period in the prior year). Segment loss improved by 140 million yen from the same period in the prior year (loss decreased), resulting in a loss of 1,389 million yen.

b. OTC Business

Revenue was 194,174 million yen (an increase of 7,805 million yen or 4.2% from the same period in the prior year). Segment income was 21,004 million yen (an increase of 2,999 million yen or 16.7% from the same period in the prior year).

c. Food Service Business

Revenue was 19,833 million yen (an increase of 766 million yen or 4.0% from the same period in the prior year). Segment income was 2,850 million yen (an increase of 612 million yen or 27.3% from the same period in the prior year).

As announced in “Announcement of New Strategic Business Plan: Vision 2030” dated August 1, 2025, we have upwardly revised our current Strategic Business Plan, “Vision 2028,” and decided to launch “Vision 2030” with the aim of further increasing shareholder value. We will incorporate new elements such as a long-term growth plan developed jointly with Coca-Cola (Japan) Company, Limited, operating the business centered on multiple business units with clear accountability, restructuring of the profit base in the vending business and operating it with a mindset as the world's largest retailer, and the largest shareholder return in our history. We set forth ambitious targets by 2030 such as, business income of approximately 80 billion yen, approximately double the highest level ever recorded, and ROIC (Return on Invested Capital) of 10%, which is approximately double the WACC (Weighted Average Cost of Capital).

(2) Qualitative Information on Consolidated Financial Position

Assets were 697,499 million yen, a decrease of 106,654 million yen from the end of the previous fiscal year. This is mainly due to a decrease in “Property, plant, and equipment.”

Liabilities were 317,985 million yen, a decrease of 19,725 million yen from the end of the previous fiscal year. This is mainly due to the decrease in “Lease liabilities.”

Equity was 379,514 million yen, a decrease of 86,928 million yen. This is mainly due to a decrease in “Retained earnings” and repurchase of treasury shares.

(3) Qualitative Information on Consolidated Statements of Cash Flows

<Cash Flows from Operating Activities >

Net cash used for operating activities was 1,694 million yen (10,380 million yen used for operating activities in the same previous period). This is mainly due to “Increase in inventories” while “Increase in trade and other payables” was recorded.

<Cash Flows from Investing Activities>

Net cash used for investing activities was 16,474 million yen (4,103 million yen used for investing activities in the same previous period). This is mainly due to “Payments for acquisitions of property, plant and equipment and intangible assets”.

<Cash Flows from Financing Activities>

Net cash used for financing activities was 25,123 million yen (5,141 million yen used for financing activities in the same previous period). This is mainly due to “Dividends paid,” and “Payments for purchases of treasury shares.”

As a result of these activities, cash, and cash equivalents at the end of the first half were 45,169 million yen, a decrease of 43,304 million yen compared to the end of the same previous period.

(4) Accounting Estimates and the assumptions used in those estimates

In the “Management’s analysis of financial condition, results of operations and cash flows” section of the Annual Securities Report for the previous consolidated fiscal year, the group disclosed the significant accounting policies and the assumptions used in those estimates. However, the group revised the useful lives of right-of-use assets during the first half of the current fiscal year.

For details, please refer to “Section 4 Accounting status, 1. Condensed Semi-Annual Consolidated Financial Statements, Notes to condensed Semi-Annual Consolidated Financial Statements, 4. Critical accounting judgments, estimates and assumptions.

(5) Business and financial challenges to be addressed

1. Issues to be addressed

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

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

a. Descriptions of basic policies

The Company believes that the persons and/or entities (hereinafter referred as “Persons”) who control decisions on the Company’s financial and business policies need to understand the source of the Company’s corporate value and will make it possible to ensure and enhance the Company’s corporate value and, in turn, the common interests of its shareholders continually and persistently. The Company believes that a decision on any proposed acquisition that would involve a change of corporate control of the Company should ultimately be made based on the intent of its shareholders as a whole. Also, the Company would not reject a large-scale acquisition of shares in the Company if it would contribute to the corporate value of the Company and, in turn, the common interests of its shareholders.

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

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

Therefore, the Company believes that Persons who would make a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the Company, and, in turn, the common interests of its shareholders would be

inappropriate to become Persons who would control decisions on the Company’s financial and business policies. We must secure the Company’s corporate value and, in turn, the common interests of its shareholders by taking necessary and reasonable countermeasures against a large-scale acquisition of the Company’s shares by such Persons.

b. Initiatives to realize the basic policies

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

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

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

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

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

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

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

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

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

The measures described b. (a) were introduced as specific measures to continuously and sustainably improve the corporate value of the Company and the common interest of shareholders and is consistent with the Company’s basic policy.

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

(6) Research and development activities

Not applicable.

(7) Major facilities

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

Name of company	Name of office / site (location)	Name of business segment	Facility description	Amount (millions of yen)	Completed in
Coca-Cola Bottlers Japan Inc.	Branches / (-)	Vending business	Vending machines, etc.	6,057	June 2025

Note Consumption tax is not included in the above amounts.

3. Significant management contracts

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

Section 3. Status of the filing company

1. Status of shares

(1) Total number of shares

a. Total number of shares

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

b. Issued shares

Class	Number of issued shares as of June 30, 2025	Number of issued shares as of filing date (August 4, 2025)	Name of listed stock 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) Status of stock acquisition rights

a. Status of share options

Not applicable.

b. Other stock acquisition rights

Not applicable.

(3) Status of exercised moving strike convertible bonds

Not applicable.

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

Date	Increase/decrease in issued shares (Thousand shares)	Total number of issued shares (Thousand shares)	Increase/decrease in capital stock (Millions of yen)	Capital stock balance (Millions of yen)	Increase/decrease in capital reserve (Millions of yen)	Capital reserve balance (Millions of yen)
January 1, 2025 – June 30, 2025	—	183,269	—	15,232	—	108,167

(5) Major shareholder status

As of June 30, 2025

Name	Address	Number of shares held (Thousands of shares)	Percentage of the number of shares held to the total number of issued shares (excluding treasury stock) (%)
Coca-Cola (Japan) Company, Ltd.	4-6-3, Shibuya, Shibuya-ku, Tokyo	27,956	16.09
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1, Akasaka, Minato-ku, Tokyo	17,490	10.07
BNY GCM CLIENT ACCOUNT JPRD AC ISG(FE-AC) (Standing proxy: MUFG Bank, Ltd.)	Peterborough Court 133 Fleet Street London EC4A 2BB, U.K. (1-4-5 Marunouchi, Chiyoda ku, Tokyo)	5,310	3.06
Ichimura Foundation for New Technology	1-26-10, Kitamagome, Ota-ku, Tokyo	5,295	3.05
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	4,738	2.73
Senshusha Co., Ltd.	339, Noda, Noda-shi, Chiba	4,088	2.35
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	2.35
Satsuma Shuzo Co., Ltd	26, Kamamotos, Makurazaki-shi, Kagoshima	3,948	2.27
Mitsubishi Heavy Industries Machinery Systems, Ltd.	1-1-1, Wadazakicho, Hyogo-ku, Kobe-shi, Hyogo	3,912	2.25
J.P. Morgan Securities Japan Co., Ltd.	Tokyo Building, 7-3, Marunouchi 2-chome, Chiyoda-Ku, Tokyo	3,185	1.83
Total	—	79,998	46.04

Note 9,551 thousand treasury shares are not included in the status of major shareholders above because they do not have voting rights. Also, the treasury shares do not include the Company's shares held by the Executive reward BIP Trust and Stock-granting ESOP Trust.

(6) Status of voting rights

a. Issued shares

As of June 30, 2025

Class	Number of shares	Number of votes	Details
Non-voting shares	—	—	—
Shares with restricted voting right (Treasury Shares)	—	—	—
Shares with restricted voting right (Others)	—	—	—
Shares with full voting rights (Treasury Shares)	Common shares 9,550,800	—	—
Shares with full voting rights (Others)	Common shares 173,012,200	1,730,122	—
Odd lot shares	Common shares 705,593	—	—
Total number of issued shares	183,268,593	—	—
Voting rights of all shareholders	—	1,730,122	—

- Notes
1. “Shares with full voting rights (Others)” include 2,300 shares under in JASDEC’s name (23 voting rights).
 2. “Shares with full voting rights (Others)” include 1,178,600 shares (number of voting rights: 11,786) held by the Executive reward BIP Trust and 1,571,700 shares (number of voting rights: 15,717 held by the Stock-granting ESOP Trust.

b. Treasury shares

As of June 30, 2025

Name of owner	Address of owner	Number of shares owned under own name	Number 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	9,550,800	—	9,550,800	5.21
Total	—	9,550,800	—	9,550,800	5.21

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

2. Status of officers

Not applicable.

Section 4. Accounting status

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

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

The Company qualifies as a specified company under Article 24-5, Paragraph 1, Item 1 of the Financial Instruments and Exchange Act and prepares First Type Quarterly Consolidated Financial Statements in accordance with Parts I and V of the Ordinance on Consolidated Financial Statements.

2. Audit certification

The Company’s condensed Semi-Annual Consolidated Financial Statements for Semi-Annual consolidated accounting period of the current fiscal year (January 1, 2025 to June 30, 2025) have been reviewed by Ernst & Young ShinNihon LLC based on the provisions of Article 193-2 Paragraph 1 of the Financial Instruments and Exchange Act.

1. Condensed Semi-Annual Consolidated Financial Statements

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

			(Millions of yen)
	Notes	Previous fiscal year As of December 31, 2024	Semi-Annual Consolidated accounting period As of June 30, 2025
Assets			
Current assets:			
Cash and cash equivalents		88,473	45,169
Trade and other receivables		119,551	126,369
Inventories		73,890	83,023
Other financial assets	12	688	113
Other current assets		9,856	13,464
Total current assets		292,458	268,139
Non-current assets:			
Property, plant, and equipment		382,794	298,540
Right-of-use assets		26,930	17,493
Intangible assets		63,273	49,323
Investments accounted for using the equity method		326	419
Other financial assets	12	10,908	12,113
Deferred tax assets		22,933	46,727
Other non-current assets		4,531	4,745
Total non-current assets		511,695	429,360
Total assets		804,153	697,499

			(Millions of yen)
	Notes	Previous fiscal year As of December 31, 2024	Semi-Annual Consolidated accounting period As of June 30, 2025
Liabilities and equity			
Liabilities			
Current liabilities:			
Trade and other payables		120,367	126,689
Bonds and debts	12	1,000	1,000
Lease liabilities		5,765	6,196
Other financial liabilities	12	947	1,120
Income taxes payables		2,374	1,957
Other current liabilities		27,488	18,813
Total current liabilities		157,943	155,775
Non-current liabilities:			
Bonds and debts	12	113,852	113,378
Lease liabilities		22,047	11,990
Net defined benefit liabilities		21,803	20,474
Provisions		1,506	1,474
Deferred tax liabilities		16,405	11,988
Other non-current liabilities		4,155	2,905
Total non-current liabilities		179,767	162,210
Total liabilities		337,710	317,985
Equity:			
Capital stock		15,232	15,232
Capital surplus		378,459	378,263
Retained earnings	9	87,317	16,458
Treasury shares	8	(16,297)	(32,470)
Accumulated other comprehensive income		1,492	1,772
Equity attributable to owners of parent		466,203	379,255
Non-controlling interests		240	259
Total equity		466,443	379,514
Total liabilities and equity		804,153	697,499

(2) Condensed Semi-Annual Consolidated Statements of Income

			(Millions of yen)
	Notes	Semi-Annual consolidated accounting period of previous fiscal year (Six months ended June 30, 2024)	Semi-Annual consolidated accounting period of current fiscal year (Six months ended June 30, 2025)
Revenue	6, 10	411,455	417,942
Cost of sales		230,251	234,529
Gross profit		181,204	183,413
Selling and general administrative expenses		183,971	181,599
Other income	11	5,990	1,172
Other expenses	11, 14	2,031	95,229
Investment income on equity method		14	73
Operating income (loss)		1,207	(92,170)
Financial income		287	237
Financial expenses		621	326
Income (loss) for the period before income taxes		873	(92,259)
Income tax expense (benefit)		1,140	(26,415)
Net loss for the period		(267)	(65,844)
Net loss for the period attributable to			
Owners of parent		(297)	(65,892)
Non-controlling interests		29	48
Basic loss per share (yen)	13	(1.65)	(378.02)

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

		(Millions of yen)	
	Notes	Semi-Annual consolidated accounting period of previous fiscal year (Six months ended June 30, 2024)	Semi-Annual consolidated accounting period of current fiscal year (Six months ended June 30, 2025)
Net loss for the period		(267)	(65,844)
Other comprehensive income			
Items that will not be reclassified subsequently to income or loss:			
Net changes in financial assets measured at fair value through other comprehensive income		890	974
Subtotal		890	974
Items that may be reclassified subsequently to income:			
Cash flow hedges		506	(736)
Subtotal		506	(736)
Total other comprehensive income for the period		1,396	238
Total comprehensive income for the period		1,128	(65,606)
Comprehensive income attributable to:			
Owners of parent		1,099	(65,654)
Non-controlling interests		29	48

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

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

(Millions of yen)

	Notes	Equity attributable to owners of the parent					Non-controlling interests	Total
		Capital stock	Capital surplus	Retained earnings	Treasury shares	Accumulated other comprehensive income (loss)		
Balance as of January 1, 2024		15,232	451,389	88,365	(85,362)	223	174	470,021
Comprehensive income for the period								
Net income (loss) for the period		—	—	(297)	—	—	29	(267)
Other comprehensive income		—	—	—	—	1,396	—	1,396
Total comprehensive income for the period		—	—	(297)	—	1,396	29	1,128
Transactions with owners								
Dividends of surplus	9	—	—	(4,486)	—	—	(17)	(4,503)
Purchase of treasury stock		—	—	—	(4)	—	—	(4)
Disposal of treasury share		—	(183)	—	471	—	—	289
Transactions of share-based payment		—	168	—	—	—	—	168
Reclassification from accumulated other comprehensive income to retained earnings		—	—	293	—	(293)	—	—
Reclassification from accumulated other comprehensive income to non-financial assets		—	—	—	—	225	—	225
Other		—	—	—	—	—	4	4
Total transactions with owners		—	(14)	(4,193)	467	(68)	(13)	(3,822)
Balance as of June 30, 2024		15,232	451,375	83,875	(84,895)	1,551	190	467,328

Semi-Annual consolidated accounting period of current fiscal year (Six months ended June 30, 2025)

(Millions of yen)

	Notes	Equity attributable to owners of the parent					Non-controlling interests	Total
		Capital stock	Capital surplus	Retained earnings	Treasury shares	Accumulated other comprehensive income (loss)		
Balance as of January 1, 2025		15,232	378,459	87,317	(16,297)	1,492	240	466,443
Comprehensive income for the period								
Net income (loss) for the period		—	—	(65,892)	—	—	48	(65,844)
Other comprehensive income		—	—	—	—	238	—	238
Total comprehensive income for the period		—	—	(65,892)	—	238	48	(65,606)
Transactions with owners								
Dividends of surplus	9	—	—	(4,975)	—	—	(29)	(5,004)
Purchase of treasury stock	8	—	(2)	—	(16,588)	—	—	(16,590)
Disposal of treasury stock		—	(193)	—	415	—	—	222
Transactions of share-based payment		—	15	—	—	—	—	15
Reclassification from accumulated other comprehensive income to retained earnings		—	—	8	—	(8)	—	—
Reclassification from accumulated other comprehensive income to non-financial assets		—	—	—	—	63	—	63
Other		—	(15)	—	—	(13)	—	(29)
Total transactions with owners		—	(195)	(4,967)	(16,173)	42	(29)	(21,323)
Balance as of June 30, 2025		15,232	378,263	16,458	(32,470)	1,772	259	379,514

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

			(Millions of yen)
	Notes	Semi-Annual consolidated accounting period of previous fiscal year (Six months ended June 30, 2024)	Semi-Annual consolidated accounting period of current fiscal year (Six months ended June 30, 2025)
Cash flows from operating activities			
Income (loss) for the period before income tax benefit		873	(92,259)
Adjustments for:			
Depreciation and amortization		22,866	22,617
Impairment loss	14	304	88,939
Increase in allowance for doubtful accounts		43	72
Interest and dividends income		(79)	(46)
Interest expenses		390	317
Share of income of entities accounted for using equity method		(14)	(73)
Gain on sale of property, plant, and equipment		(5,501)	(815)
Loss on disposal and sale of property, plant, and equipment, and intangible assets		405	554
Increase in trade and other receivables		(7,236)	(6,874)
Increase in inventories		(12,859)	(9,134)
Increase in other assets		(6,441)	(4,654)
Increase in trade and other payables		11,860	10,124
Increase in net defined benefit liabilities		1,254	371
Decrease in other liabilities		(11,441)	(9,023)
Others		(266)	(20)
Subtotal		(5,841)	98
Interest received		1	12
Dividends received		78	34
Interest paid		(349)	(289)
Income taxes paid		(4,270)	(2,409)
Income taxes refund		1	861
Net cash used for operating activities		(10,380)	(1,694)
Cash flows from investing activities			
Payments for acquisitions of property, plant and equipment and intangible assets		(14,312)	(15,510)
Proceeds from sales of property, plant and equipment and intangible assets		9,583	1,863
Payments for purchases of other financial assets		(2)	(2)
Proceeds from sale of other financial assets		671	46
Payment for sale of shares of subsidiary due to change in scope of consolidation	7	—	(2,757)
Others		(42)	(114)
Net cash used for investing activities		(4,103)	(16,474)

This is an English translation of the original Semi-Annual Report (“Hanki Hokokusho”) ended June 30, 2025 pursuant to the Japanese Financial Instrument and Exchange Law. In the event of any discrepancy between Hanki Hokokusho and this English translation, Hanki Hokokusho shall prevail.

		(Millions of yen)	
	Note	Semi-Annual consolidated accounting period of previous fiscal year (Six months ended June 30, 2024)	Semi-Annual consolidated accounting period of current fiscal year (Six months ended June 30, 2025)
Cash flows from financing activities			
Repayments of long-term loans payable		(500)	(500)
Repayments of lease liabilities		(3,174)	(3,251)
Proceeds from disposal of treasury shares		289	222
Payments for purchases of treasury shares		(4)	(16,590)
Dividends paid	9	(4,486)	(4,975)
Dividends paid to non-controlling interests		(17)	(29)
Proceeds from sale and leaseback		2,747	—
Others		4	—
Net cash used for financing activities		(5,141)	(25,123)
Effect of exchange rate change on cash and cash equivalents		—	(13)
Decrease in cash and cash equivalents		(19,624)	(43,304)
Cash and cash equivalents at the beginning of the year		113,660	88,473
Cash and cash equivalents at the end of the period		94,036	45,169

Notes to condensed Semi-Annual Consolidated Financial Statements

1. Introduction

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

The Group’s condensed Semi-Annual Consolidated Financial Statements consist of equities of the Company, subsidiaries, affiliated companies and jointly controlled enterprises. The condensed Semi-Annual Consolidated Financial Statements were approved by our Representative Director & President, Calin Dragan and our Representative Director, Vice President, and Chief Financial Officer (Head of Finance), Bjorn Ivar Ulgenes on August 4, 2025 and take into account events after the reporting period to that date (see Note 15, “Subsequent events”).

2. Basis of preparation

As the Group qualifies as a “Specified Company under Designated International Accounting Standards” as defined in Article 1-2, Item 2 of the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976), the condensed consolidated semi-annual financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting,” pursuant to the provisions of Article 312 of the said Regulation.

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

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

3. Material accounting policies

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

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

4. Critical accounting judgments, estimates and assumptions

In preparing the condensed Semi-Annual Consolidated Financial Statements in accordance with IFRS, management is required to make judgments, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. Actual results may differ from these estimates. The estimates and the assumptions underlying the estimates are continually reviewed and are based on historical experience and other factors, including future events, which are believed to be reasonable under the environment.

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

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

(Changes in Accounting Estimates)

(The Change in useful life of right-of-use assets)

The group had been depreciating right-of-use assets related to sales bases, etc. by using the straight-line method, generally over 15 years from the commencement date. However, in line with our initiatives to build a flexible and responsive supply chain, we are working on consolidating existing sales bases, shifting away from long-term contracts for sales bases due to customer service approaches diversification, and putting Integrated Distribution Centers (IDC) into operation from the fiscal year ending December 2025 to strengthen our logistics network. For those reasons, the useful life (lease period) has been revised from the current fiscal year.

As the result of this change, compared with those based on the previous useful life, the right-of-use assets have decreased by 9,689 million yen and the lease liabilities have decreased by 9,655 million yen at the end of the first half of the current fiscal year. Also, loss for the period before income taxes has increased by 35 million yen.

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. Segment Information

(1) Overview of 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 is organized and managed based on its major products, services, or business activities, and has established three business and reportable segments: "Vending Business," "OTC (Over the Counter) Business," and "Food Service Business." There are no business segments that are not included in the reportable segments, nor are there any aggregated segments.

The accounting methods used for operating segment reported are the same as those described in Note 3 "Materials accounting policies."

Reportable Segments	Major products, services or business activities
Vending business	Procurement, manufacturing and sales, bottling, packaging, distribution, marketing as well as other operations related to vending machines of beverages in Japan's vending channel
OTC Business	Procurement, manufacturing and sales, bottling, packaging, distribution, and marketing of beverages in Japan's OTC (Over the Counter) channels such as supermarkets, drugstores, discount stores, convenience stores and online channels
Food Service Business	Procurement, manufacturing and sales, bottling, packaging, distribution, and marketing of beverages in Japan's restaurants and food service channels

(Change in reportable segments, etc.)

As stated in "Section 2. Business situations 2. Management's analysis of financial condition, results of operations and cash flows (1) Status of Business Performance", the Group formulated a new mid-term business plan, "Vision 2030," which was announced on August 1, 2025. While the Group had previously operated as a single segment, the "Beverage Business," it has now established an operational structure aligned with the characteristics of each business unit to facilitate the execution and achievement of the objectives of "Vision 2030." Furthermore, with the establishment of a management reporting structure by business unit, the reportable segments have been changed, effective from the current semi-annual consolidated fiscal period, to the "Vending Business," "OTC Business," and "Food Service Business."

Accordingly, the segment information for the previous semi-annual consolidated accounting period has been prepared based on the revised reportable segment classification.

(2) Information about reportable segments

Information by reportable segments of the group are as follows. Segment income is based on business income before the allocation of corporate overhead expenses.

Semi-Annual consolidated accounting period of the previous fiscal year (January 1, 2024 – June 30, 2024)

(Millions of yen)					
	Reportable segment			Others (Note 1)	Total
	Vending	OTC	Food Service		
Revenue from external customers	192,208	186,368	19,067	13,812	411,455
Intersegment sales or transfer	—	—	—	—	—
Total revenue	192,208	186,368	19,067	13,812	411,455
Segment income (loss) (Note 2)	(1,529)	18,005	2,238	(21,505)	(2,791)

Notes 1. The “Others” category is defined as follows.

(1) “Others” of revenue from external customers represents revenues generated from business activities that are not attributable to any reportable segment, which include sales to other Coca-Cola bottlers in Japan.

(2) “Others” of segment income (loss) includes 1,298 million yen of revenues generated from business activities that are not attributable to any reportable segment and 22,804 million yen of corporate overhead expenses. Corporate overhead expenses mainly consist of general and administrative expenses not allocated to any reportable segments.

2. Segment income (loss) is based on business income (loss). “Business income (loss)” deducts cost of sales and selling, general and administrative expenses from revenue, and includes other income and expenses which we believe are recurring in nature.

Semi-Annual consolidated accounting period of the current fiscal year (January 1, 2025 – June 30, 2025)

(Millions of yen)					
	Reportable segment			Others (Note 1)	Total
	Vending	OTC	Food Service		
Revenue from external customers	189,660	194,174	19,833	14,276	417,942
Intersegment sales or transfer	—	—	—	—	—
Total revenue	189,660	194,174	19,833	14,276	417,942
Segment income (loss) (Note 2)	(1,389)	21,004	2,850	(20,930)	1,535

Notes 1. The “Others” category is defined as follows.

(1) “Others” of revenue from external customers represents revenues generated from business activities that are not attributable to any reportable segment, which include sales to other Coca-Cola bottlers in Japan.

(2) “Others” of segment income (loss) includes 1,079 million yen from income that is not attributable to any reportable segment and 22,009 million yen in corporate overhead expenses. Corporate overhead expenses mainly consist of general and administrative expenses not attributable to any reportable segments.

2. Segment income (loss) is based on business income (loss). “Business income (loss)” deducts cost of sales and selling, general and administrative expenses from revenue, and includes other income and expenses which we believe are recurring in nature.

Adjustments from the total of segment income to income for the period before income taxes of the first half of the previous fiscal year and the current fiscal year are as follows.

(Millions of yen)

	Semi-Annual consolidated accounting period of previous fiscal year (Six months ended June 30, 2024)	Semi-Annual consolidated accounting period of current fiscal year (Six months ended June 30, 2025)
Total segment income (loss)	(2,791)	1,535
Gains on sales of property, plant, and equipment	5,429	815
Losses on sales and disposals of property, plant, and equipment	(42)	(5)
Gain on sale of shares of subsidiaries	—	23
Transformation-related expenses	(1,067)	(2,108)
Impairment loss	(304)	(88,939)
Special retirement allowance	(18)	(3,234)
Other	(1)	(258)
Operating income (loss)	1,207	(92,170)
Financial income	287	237
Financial expenses	(621)	(326)
Income (loss) for the period before income taxes	873	(92,259)

7. Sale of subsidiary

Semi-Annual consolidated accounting period of the precious fiscal year (January 1, 2024 – June 30, 2024)

There was no sale of subsidiary during the first half of the previous fiscal year.

Semi-Annual consolidated accounting period of the current fiscal year (January 1, 2025 – June 30, 2025)

(Transfer of shares of onEQuest Co., Ltd.)

In January 2025, the Group transferred 51% of the shares of onEQuest Co., Ltd. (EQ Operation Preparation Company prior to share transfer), which were held by our group, to Thinkrun Holdings Co., Ltd. As a result, the company changed from a subsidiary to a jointly controlled enterprise accounted for using the equity method.

The relationship between the consideration received from the transfer and the proceeds or payments on the sale, as well as the major components of the subsidiary's assets and liabilities at the time control was lost, are as follows.

(1) Payments related to the sale of the subsidiary

	(Millions of yen)
Consideration	
Cash proceeds received as consideration	49
Cash and cash equivalents of the subsidiary	(2,367)
Payments related to the sale of the subsidiary	(2,318)

(2) Assets and liabilities of the subsidiary on the date of the sale

	(Millions of yen)
Current Assets	2,367
Non-current assets	45
Total assets	2,411
Current liabilities	818
Non-current liabilities	1,542
Total liabilities	2,360

(3) Gains or loss

In the current consolidated fiscal year, the gain on the sale of the consolidated subsidiary was 23 million yen, which is included in "Other income" in the consolidated statements of income.

(Transfer of shares of Genpact Japan Smart Command Center K.K.)

In January 2025, the Group transferred all of its shares in Genpact Japan Smart Command Center K.K. (EQ Admin Preparation Company prior to share transfer) to Genpact Co., Ltd.

The relationship between the consideration received from the transfer and the proceeds or payments on the sale, as well as the major components of the subsidiary's assets and liabilities at the time control was lost, are as follows.

(1) Payments related to the sale of the subsidiary

	(Millions of yen)
Consideration	
Cash proceeds received as consideration	51
Cash and cash equivalents of the subsidiary	(490)
Payments related to the sale of the subsidiary	(439)

(2) Assets and liabilities of the subsidiary on the date of the sale

	(Millions of yen)
Current Assets	490
Non-current assets	—
Total assets	490
Current liabilities	151
Non-current liabilities	288
Total liabilities	439

(3) Gains or loss

There were no gains or losses on the sale of the consolidated subsidiaries during the semi-annual consolidated accounting period of the current fiscal year.

8. Repurchasing treasury shares

The repurchase of treasury shares of the Semi-Annual consolidated accounting period of the previous fiscal year and the current fiscal year are as follows:

Semi-Annual consolidated accounting period of the previous fiscal year (January 1, 2024 – June 30, 2024)

There was no repurchase of treasury shares based on the resolution of the Board of Directors during the first half of the previous fiscal year.

Semi-Annual consolidated accounting period of the current fiscal year (January 1, 2025 – June 30, 2025)

Based on the resolution of the Board of Directors on November 6, 2024, the Company repurchased treasury shares during the current semi-annual consolidated accounting period of the current fiscal year, and the number of treasury shares increased by 6,877,700 shares during the period.

9. Dividends

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

Semi-Annual consolidated accounting period of the previous fiscal year (January 1, 2024 – June 30, 2024)

(1) Dividend payment amount

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

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

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

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

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

Semi-Annual consolidated accounting period of the current fiscal year (January 1, 2025 – June 30, 2025)

(1) Dividend payment amount

Resolution	Type of shares	Total amount of dividends paid (Millions of yen)	Dividends per share (Yen)	Dividend record date	Effective date
March 26, 2025 Ordinary General Meeting of Shareholders	Ordinary share	5,057	28	December 31, 2024	March 28, 2025

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

(2) Dividends with the cut-off date in the first half of FY 2025 and the effective date following the first half of FY 2025

Resolution	Type of shares	Total amount of dividends paid (Millions of yen)	Dividends per share (Yen)	Dividend record date	Effective date
August 1, 2025 Board of directors	Ordinary share	4,864	28	June 30, 2025	September 1, 2025

Note The total amount of dividends includes 77 million yen for the Company shares held by the Executive reward BIP Trust and Stock-granting ESOP Trust.

10. Revenue

The Group separates revenue by three reportable segments, “Vending business,” “OTC Business,” and “Food Service Business”, for the chief operating decision maker in making resource allocation decisions and in assessing performance.

In each 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 customers have 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.

Revenue in the semi-annual consolidated accounting period for both the previous fiscal year and the current fiscal year are recognized from the contracts with customers.

	(Millions of yen)	
	Semi-Annual consolidated accounting period of previous fiscal year (Six months ended June 30, 2024)	Semi-Annual consolidated accounting period of current fiscal year (Six months ended June 30, 2025)
Reportable segment		
Vending business	192,208	189,660
OTC business	186,368	194,174
Food service business	19,067	19,833
Other	13,812	14,276
Total	411,455	417,942

11. Other income and other expenses

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

	Semi-Annual consolidated accounting period of previous fiscal year (Six months ended June 30, 2024)	(Millions of yen) Semi-Annual consolidated accounting period of current fiscal year (Six months ended June 30, 2025)
Other income		
Gains on sales of property, plant, and equipment (Note 1)	5,501	815
Rent income	89	82
Gain on sale of shares of subsidiaries (Note 2)	—	23
Other	401	253
Total	5,990	1,172
Other expenses		
Impairment loss (Note 3)	304	88,939
Losses on sales and disposals of property, plant, and equipment	577	608
Transformation-related expenses (Note 4)	1,067	2,108
Special retirement allowance (Note 5)	18	3,234
Other	64	340
Total	2,031	95,229

- Notes
- Gains on sales of property, plant, and equipment represent gains on sales of land and other assets for the first half of the previous fiscal year and the current fiscal year.
 - Gain on sale of shares of subsidiaries represents gains from the transfer of 51% equity interest in onEQuest Co., Ltd.
 - Please refer to “Note 14. Impairment of non-financial assets” for more details about “Impairment loss.”
 - Transformation related expenses are consulting expenses related to measures aimed at building an efficient new system with the aim of creating more value and further improving productivity for the sustainable growth of the Group for the first half of the previous fiscal year and the current fiscal year.
 - Special retirement allowances are allowances and outplacement support expenses incurred in the implementation of the voluntary retirement program for the first half of the previous fiscal year and the current fiscal year.

12. Fair value of financial instruments

(a) Classification by level of the fair value hierarchy

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

The fair value hierarchy is defined as follows:

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

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

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

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

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

(b) Fair value measurement

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

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

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

As of December 31, 2024

Type	Valuation technique	Significant unobservable inputs	Interactions between significant unobservable inputs and fair value measurement
Financial instrument measured at fair value through other comprehensive income (Securities)	Comparison of similar companies	EBIT Multiple: 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)

As of June 30, 2025

Type	Valuation technique	Significant unobservable inputs	Interactions between significant unobservable inputs and fair value measurement
Financial instrument measured at fair value through other comprehensive income (Securities)	Comparison of similar companies	EBIT Multiple: 13.3-14.5 times PBR: 1.0 - 2.5 times	Estimated fair value increases (decreases) when equity indices of comparable listed companies of the target are high (low)

EBIT Multiple: Corporate Value/EBIT

PBR: Price Book Value Ratio

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

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

As of December 31, 2024

				(Millions of yen)
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instrument measured at fair value through profit or loss:				
Derivative assets	—	690	—	690
Subtotal	—	690	—	690
Financial instrument 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 instrument measured at fair value through profit or loss:				
Derivative liabilities	—	947	—	947
Total	—	947	—	947

As of June 30, 2025

				(Millions of yen)
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instrument measured at fair value through profit or loss:				
Derivative assets	—	59	—	59
Subtotal	—	59	—	59
Financial instrument measured at fair value through other comprehensive income:				
Securities	5,564	—	2,289	7,853
Other	—	—	98	98
Subtotal	5,564	—	2,387	7,950
Total	5,564	59	2,387	8,009
Financial liabilities				
Financial instrument measured at fair value through profit or loss:				
Derivative liabilities	—	1,120	—	1,120
Total	—	1,120	—	1,120

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

	(Millions of yen)
	Financial assets measured at fair value through other comprehensive income
Balance as of January 1, 2024	3,013
Disposals	(29)
Gains (Losses) recognized in other comprehensive income	77
Balance as of June 30, 2024	3,061
Balance as of January 1, 2025	2,231
Disposals	—
Gains (Losses) recognized in other comprehensive income	155
Balance as of June 30, 2025	2,387

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

(d) Financial instrument measured at amortized cost

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

As of December 31, 2024

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

As of June 30, 2025

	Carrying amount	Fair value	Difference
Long-term loans payable and bonds	114,378	111,719	2,659

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

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

a. Loans payable

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

b. Bonds

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

13. Earnings per share

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

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

	Semi-Annual consolidated accounting period of previous fiscal year (Six months ended June 30, 2024)	Semi-Annual consolidated accounting period of current fiscal year (Six months ended June 30, 2025)
Loss attributable to owners of parent (millions of yen)	(297)	(65,892)
Weighted-average number of common shares issued (in thousands)	179,540	174,308
Basic loss per share (yen)	(1.65)	(378.02)

- Notes
1. “Diluted earnings per share” is not shown in the first half of the previous fiscal year and the current fiscal year, as 1,244 thousand shares and 1,357 thousand shares of share-based compensation have an antidilutive effect.
 2. 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 period for calculating the amount of basic loss per share and diluted earnings per share. The weighted-average number of common shares deducted was 26,728 thousand shares and 8,961 thousand shares for the first half of the previous fiscal year and the current fiscal year.

14. Impairment of non-financial assets

The major asset and segment recognizing impairment loss

Semi-Annual consolidated accounting period of the previous fiscal year (January 1, 2024 – June 30, 2024)

There was no significant impairment loss recognized during the first half of the previous fiscal year.

Semi-Annual consolidated accounting period of the current fiscal year (January 1, 2025 – June 30, 2025)

(Millions of yen)			
Reportable segment	Cash-generating unit or cash-generating unit group	Impairment loss	Type of assets
Vending business	Vending	88,135	Property, plant, and equipment, etc.

As stated in “Section 2. Business situations 2. Management's analysis of financial condition, results of operations and cash flows (1) Status of Business Performance”, the Group formulated a new mid-term business plan, “Vision 2030,” which was announced on August 1, 2025. Previously, for the application of impairment accounting under IAS 36 Impairment of Assets, the Group has identified the entire company as a single cash-generating unit. However, in conjunction with the establishment of a management reporting structure by business unit to facilitate the execution and achievement of the objectives set forth in “Vision 2030,” the Group has identified three cash-generating units - “Vending,” “OTC,” and “Food Service” -starting from the first half of the current fiscal year.

During the first half of the current fiscal year, indications of possible impairment were identified for the “Vending” cash-generating unit. Accordingly, an impairment test was conducted. As a result, the carrying amount of the assets in this unit was written down to their recoverable amount, and an impairment loss of 88,135 million was recognized under “Other Expenses” in the condensed semi-annual consolidated statement of income. The recoverable amount of 147,702 million yen was measured based on fair value less costs of disposal which was determined using real estate appraisal values and other valuation techniques. The fair value measurement is categorized within Level 3 of the fair value hierarchy.

15. Subsequent events

(Resolution of repurchasing treasury shares)

The Company resolved at a meeting of the Board of Directors held on August 1, 2025, to repurchase the Company’s own shares pursuant to the provisions of Article 156, paragraph (1) of the Companies Act, as applied by replacing the relevant terms pursuant to the provision of Article 165, paragraph (3) of the same Act. The details are described below.

(1) Reason for repurchasing treasury shares

The Company recognize that returning profits to shareholders and improving capital efficiency are important business management issues, and as part of a comprehensive and continuous shareholder return program to increase shareholder value under our new Strategic Business Plan “Vision 2030”, announced on August 1, 2025, we will conduct repurchase of the treasury shares.

(2) Details of matters related to the repurchasing

- | | |
|---|---|
| a. Class of shares to be repurchased | : Common shares |
| b. Total number of shares to be repurchased | : 15,000,000 shares (upper limit)
(8.7% of total issued shares outstanding, excluding treasury shares) |
| c. Total value of share to be repurchased | : 30 billion yen (upper limit) |
| d. Period of share repurchase | : November 1, 2025 to October 31, 2026 |
| e. Method of repurchase | : Market purchase through the Tokyo Stock Exchange |

2. Others

At the Board of Directors held on August 1, 2025, it was resolved to provide the following interim dividend to shareholders or registered pledges recorded in the final shareholders’ register on June 30, 2025

- a. Total dividends through interim dividends: 4,864 million yen
- b. Amount per share: 28 yen
- c. Effective date of payment claims, and payment start date: September 1, 2025

The total amount of dividends includes 77 million yen of dividends for the Company’s shares held by Executive reward BIP Trust and Stock-granting ESOP Trust.

Part II Information of guarantor companies of the filing company

Not applicable.