Quarterly Report

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

Fiscal Year	From January 1, 2020
（The 1st Quarter of the 63rd Term）	To March 31, 2020

Coca-Cola Bottlers Japan Holdings Inc.

（E00417)

This is an English translation of the original Quarterly Report ("Shihanki Hokokusho") ended March 31, 2020 pursuant to the Japanese Financial Instrument and Exchange Law. In the event of any discrepancy between Shihanki Hokokusho and this English translation, Shihanki Hokokusho shall prevail.

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[Documents to be submitted]	Quarterly Report
[Underlying article]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
[Recipient]	Director-General of the Kanto Local Finance Bureau
[Submission date]	May 14, 2020
[Fiscal year]	63rd fiscal term (from January 1, 2020 to March 31, 2020)
[Company name]	Coca-Cola Bottlers Japan Holdings Inc.
[Name and position of representative]	Calin Dragan, Representative Director & President
[Address of head office]	9-7-1 Akasaka, Minato-ku, Tokyo (From March 26, 2020, the location of the head office has been changed to the above from 9-66 Hakozaki, Higashi-ku, Fukuoka City.)
[Telephone number]	(03)-6896-1707
[Name of administrative contact]	Cordula Thomas, Head of Controllers Senior Group Division, Finance
[Closest contact point]	9-7-1 Akasaka, Minato-ku, Tokyo
[Telephone number]	(03)-6896-1707
[Name of administrative contact]	Cordula Thomas, Head of Controllers Senior Group Division, Finance
[Location provided for viewing]	Tokyo Stock Exchange, Inc. （2-1 Nihonbashi Kabutocho, Chuo Ward, Tokyo） Fukuoka Stock Exchange （2-14-2 Tenjin, Chuo Ward, Fukuoka City）

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

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

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Part I Corporate information

Section 1. Corporate overview

1. Summary of business results

Issuance		The 62nd Term Consolidated Cumulative First Quarter	The 63rd Term Consolidated Cumulative First Quarter	The 62nd Term
Accounting period		From January 1, 2019 to March 31, 2019	From January 1, 2020 to March 31, 2020	From January 1, 2019 to December 31, 2019
Net sales	(Millions of yen)	198,733	198,715	914,783
Loss for the period before tax benefits	(Millions of yen)	(12,715)	(8,063)	(55,419)
loss for the period attributable to Owners of parent	(Millions of yen)	(8,002)	(5,690)	(57,952)
Comprehensive loss attributable to owners of the parent	(Millions of yen)	(5,553)	(10,809)	(52,164)
Equity attributable to owners of the parent	(Millions of yen)	556,915	490,939	505,999
Total assets	(Millions of yen)	936,411	933,373	952,444
Loss per share	(Yen)	(44.22)	(31.73)	(322.22)
Diluted loss per share	(Yen)	—	—	—
Ratio of equity attributable to owners of the parent to total assets	(%)	59.5	52.6	53.1
Cash flows from operating activities	(Millions of yen)	10,051	9,762	42,629
Cash flows from investing activities	(Millions of yen)	(20,295)	(27,356)	(68,308)
Cash flows from financing activities	(Millions of yen)	(1,137)	(6,970)	73,994
Cash and cash equivalents at the end of the year	(Millions of yen)	54,129	89,261	113,825

Notes:

1. Because the Company prepares quarterly consolidated financial statements, the summary of business results for each subsidiary is not described.
2. Consumption tax is not included in net revenues.
3. Diluted net loss per share is not presented, since there is no dilutive stock.
4. The consolidated financial statements are disclosed in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.
5. Figures are rounded to the nearest million yen.

2. Business content

There were no significant changes in the businesses that the Group (the Company and its affiliates) is engaged in during the first quarter of FY 2020

Section 2. Business situations

1. Risk of business

The loss of the current consolidated fiscal year is expected to be impacted by lost sales opportunities, elevated purchase costs in various areas as a result of the spread of the new coronavirus infection (COVID-19). There is no material change to other business risks that are provided in the securities report of the prior year.

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

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

(1) Qualitative Information on Consolidated Financial Results

During the outbreak of the novel coronavirus (COVID-19), the safety and health of our consumers, our customers and our employees— especially those on the frontline working daily to produce and supply essential goods and services— is our number one priority. Our mission is to deliver happy, refreshing moments to everyone, even in challenging times, and we have been working with comprehensive business continuity actions in place to ensure safe and secure product supply.

In the quarter, total nonalcoholic ready-to-drink (NARTD) beverage industry volume performance is expected to be negative versus the prior year mainly due to a decline in March as the government recommended closing schools, working from home and curtailing large gatherings as countermeasures against the spread of COVID-19 in late February. The health food and cosmetics industries continue to expand, driven by demand from health-conscious consumers and new demand driven by new functionality and efficacies, although they too are expected to be impacted during the quarter by the initial impact of the COVID-19 outbreak.

We continue to drive fundamental business transformation under the guiding principle of our mid-term business plan announced in August 2019 that "business as usual is not an option". We are implementing initiatives to return the business to a sustainable growth trajectory, including transformation in the important vending channel and back-office routines to drive cost efficiencies, and increasing front-facing investments for growth in such areas as production capacity, space-to-sell and people development. In the short term, we are focusing on various urgent mitigation initiatives to deal with the rapidly evolving situation triggered by the COVID-19 outbreak, as we continue to address our cost structure and high fixed-cost base of the beverage business. We are also accelerating the pace of transformation and identifying new opportunities to ensure we not only address the immediate needs of the business during this crisis, but also that we are well-prepared in the longer term for the post-crisis business environment.

Our first-quarter results, as described below, trended in line with plan in January and February, but were impacted by a drop in beverage business sales volume in March due to the COVID-19 outbreak.

Highlights of First Quarter

- Volume down 2%, reflecting in-line performance in January and February, including vending channel growth and strong contribution from the Lemon-dou alcohol brand. Sharp decline and channel mix shift in March from outbreak of COVID-19
- Value share growth in both over-the-counter and vending channels.
- Net revenue even versus prior year, reflecting continued benefit from the large-PET wholesale price increase in April 2019 and lower rebates as we reprioritize promotional expenses from Deductions from Revenue to Direct Marketing Expense.
- Business Income loss of 6,534M yen (4,059M yen loss in Q1 2019) reflects planned investments in capacity, marketing and capabilities, with additional pressure in March due to COVID-19 outbreak.
- Operating loss of 7,881M yen (12,824M loss in Q1 2019) improved as we cycled one-time expenses from the 2019 voluntary employee retirement program.
- Announced withdrawal of our full-year 2020 forecast, given current uncertainty around the spread of COVID-19 and government emergency declaration, as well as the decision to postpone the Tokyo 2020 Olympic and Paralympic Games.
- Heavier focus on key transformation initiatives to drive deeper and faster results, to help us emerge from the crisis well-positioned for a "new normal". Expanding Osaka-area vending transformation project nationwide by end of second quarter.
- Commissioned new manufacturing line at Hakushu plant (Yamanashi Prefecture). On track to recover and normalize supply capacity and network. Evaluating current-year capital project timing and rollout given COVID-19 situation.
- Acting as good stewards of capital; Strong focus on liquidity and capital structure in turbulent times, supported by solid balance sheet and sufficient debt capacity. Evaluating cash priorities including CAPEX and dividend outlook.

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Summary of Consolidated Financial Results

In Million JPY	2019 Q1	**2020 Q1**	YoY
Net sales	198,733	**198,715**	(0.0%)
Gross Profit	94,602	**93,418**	(1.3%)
Selling, General & Administrative Expenses	98,140	**99,645**	1.5%
Other income (Recurring)	293	**227**	(22.5%)
Other expenses (Recurring)	800	**475**	(40.6%)
Investment gain (loss) on equity method	(14)	**(59)**	—
Business Income (Loss)	(4,059)	**(6,534)**	—
Other income (Non-recurring)	-	**0**	—
Other expenses (Non-recurring)	8,765	**1,348**	(84.6%)
Operating Income (Loss)	(12,824)	**(7,881)**	—
Net Income (Loss) Attributable to Owners of Parent	(8,002)	**(5,690)**	—
Sales volume of beverage business (Million cases)	110	**108**	(2%)

Note: "Business loss" is a measure of our recurring business performance that is calculated as costs of goods and selling, general and administrative expenses are deducted from revenue, and other income and expenses are added and subtracted accordingly.

First-quarter net revenue was 198,715 million yen, nearly even (a decrease of 17 million yen, 0%) with the prior-year period. Sales volume of the beverage business in the first quarter declined 2% versus the prior year, driven by a sharp decline in March as COVID-19 began to spread in Japan. Net revenue of the beverage business grew slightly (up 262 million yen, or +0.1%) to 193,029 million yen, supported by the large PET wholesale price increase from April 2019, national expansion of the Lemon-dou alcohol brand and lower rebates (decrease of deduction from revenue) as we reprioritize how we invest in promotional and marketing expenses. Net revenue of the healthcare & skincare business fell by 279 million yen (down by 4.7%) year-on-year to 5,687 million yen, despite new product launches following renewal of the corporate logo and core products in October 2019.

First-quarter business income, an indicator of our recurring business performance, was a loss of 6,534 million yen (4,059 million yen loss in Q1 2019), reflecting in-line performance in January and February, with additional pressure from the initial impact of the COVID-19 outbreak. Business income of the beverage business was a loss of 7,081 million yen (4,774 million yen loss in Q1 2019). This reflects cycling of labor driven by prior-year pension program alignment as well as higher depreciation and other expenses reflecting our strategic investments in production capacity, "Big Bet" brand initiatives and expanded selling space, and organizational capability improvements. Business income in the healthcare & skincare business was 547 million yen, a decrease of 167 million yen or 23.4% year-on-year driven by revenue decline despite a strong focus on controlling sales promotion expenses. Consolidated operating loss improved versus the prior year to 7,881 million yen (12,824 million yen loss in Q1 2019). As a reference, other expenses (non-recurring) in the first quarter 2019 include 8,706 million yen of special retirement allowance and others due to the introduction of a voluntary employee retirement program. Other expenses (non-recurring) during this period include special retirement allowances of 746 million yen as well as 331 million yen of transformation-related expenses to drive fundamental transformation of our business for sustainable growth following our newly-developed strategic business plan announced in August 2019. Net loss attributable to owners of parent also improved, to a loss of 5,690 million yen (8,002 million yen loss in Q1 2019).

(2) Qualitative Information on Consolidated Financial Position

Assets at the end of the quarter were 933,373 million yen, a decrease of 19,071 million yen from the end of the prior year. This is mainly due to an increase of inventories to ensure stable supply as we continue to ramp up production capacity in the first half of 2020, and higher fixed assets as a result of the strategic capital investments we have been making to increase supply capacity and space to sell. This was offset by decreases in Cash and Cash Equivalents, Trade and Other Receivables. Furthermore, Other Financial Assets decreased due to lower values in Investment in Securities driven by recent stock market performance.

Liabilities at the end of the quarter were 441,968 million yen, a decrease of 3,985 million yen from the end of prior year. This is mainly due to a decrease of trade and other payables by paying prior year period capital expenditure upon completion of capital projects.

Net assets at the end of the quarter were 491,405 million yen, a decrease of 15,086 million yen. This is mainly due to a decrease of other comprehensive income and decline of retained earnings as a result of paying year-end dividends.

Also, we accessed 50 billion yen in short-term borrowing from banks in April 2020 in order to ensure sufficient liquidity and access to cash as a backstop during this period of high uncertainty.

(3) Cash flows

The cash flow conditions for the first quarter of the current year are as follows.

<Cash Flows from Operations>

Net cash provided by operating activities was 9,762 million yen (10,051 million yen in the same period in the prior year), due to an increase in depreciation expenses, and decrease in trade and other receivables, despite loss for the period before income tax.

<Cash Flows from Investment Activities>

Net cash used in investing activities was 27,356 million yen (20,295 million yen in the same period in the prior year), mainly due to purchases of fixed assets.

<Cash Flows from Financing Activities>

Net cash used in financing activities was 6,970 million yen (income of 1,137 million yen in the same period in the prior year), due to the payment of year-end dividends, repayment of lease liability.

As a result of these activities, cash and cash equivalents at the end of this period was 89,261 million yen, an increase of 35,132 million yen in comparison to the same period in the prior year.

(4) Business and financial challenges to be addressed

1. Issues to be addressed

There are no material changes regarding the issues that the Group needs to work upon during the consolidated cumulative first quarter of the current 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 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 (A) fully understand the importance of (i) 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) striving aggressively to win in the market as the customers' preferred partner with a deep understanding of the Company's corporate philosophy; (iii) 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 (iv) 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, (B) preserve relationships of mutual trust with customers, business partners, shareholders and employees and perform to their expectations, and (C) 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.

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 specific directors as well as facilitating speedy decision making of other matters.

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

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

When 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 Board of Directors of the Company on the specific measures and the reasons

The measure described in the previous b. (a) was introduced as a specific measure to continuously and sustainably improve the corporate value of the Company and the common interest of shareholders and is consistent with the Company's basic policy.

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

(5) Research and development activities

Although research and development activities were conducted in the healthcare & skincare business during the first quarter of the current year, there are no items that particularly need to be pointed out as the monetary amounts were insignificant.

(6) Major facilities

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

Name of company	Name of office / site (location)	Name of business segment	Facility description	Amount (millions of yen)	Completed in
Coca-Cola Bottlers Japan Inc.	Branches / (-)	Beverage business	Vending machines/coolers	6,387	March 2020

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

3. Significant management contracts

Not applicable.

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Section 3. Status of the filing company

1. Status of Shares

(1) Total number of shares

① Total number of shares

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

② Issued shares

Class	No. of issued shares as of end of 1st Quarter (March 31, 2020)	No. of issued shares as of filing date (May 14, 2020)	Name of listed stock exchange or registered authorized financial instruments firms` association	Details
Common shares	206,268,593	206,268,593	Tokyo Stock Exchange (1st Section) Fukuoka Stock Exchange	100-unit shares
Total	206,268,593	206,268,593	-	-

(2) Status of stock acquisition rights

① Status of share options

Not applicable.

② Other stock acquisition rights

Not applicable

(3) Status of exercised moving strike convertible bonds

Not applicable.

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

Date	Increase/decrease in total no. of issued shares (thousand share)	Balance of total no. of issued shares (thousand share)	Increase/ decrease of capital (Millions of yen)	Capital balance (Millions of yen)	Increase/decrease of capital reserve (Millions of yen)	Capital reserve balance (Millions of yen)
January 1, 2020 – March 31, 2020	-	206,269	-	15,232	-	108,167

(5) Major shareholder status

Not applicable as this is the first quarter of the current year

(6) Status of voting rights

① Issued shares

As of March 31, 2020

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 26,918,200	-	-
Shares with full voting rights (Others)	Common shares 178,527,800	1,785,278	-
Odd lot shares	Common shares 822,593	-	-
Total number of issued shares	206,268,593	-	-
Voting rights of all shareholders	-	1,785,278	-

Note: "Shares with full voting rights (Others)" includes 2,300 shares in JASDEC's name (23 voting rights).

② Treasury Shares

As of March 31, 2020

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	26,918,200	-	26,918,200	13.05
Total	-	26,918,200	-	26,918,200	13.05

2. Status of Officers

Not applicable.

Section 4 Accounting status

1. Preparation methods for the quarterly consolidated financial statements

The Group's condensed quarterly consolidated financial statements has been prepared in accordance with International Accounting Standards Article 34 "Interim Financial Reporting".

2. Audit certification

The Company's quarterly consolidated financial statements for the first quarter of the current year (January 1, 2020 to March 31, 2020) have been reviewed by Ernst & Young ShinNihon LLC based on the provisions of Article 193-2 Paragraph 1 of the Financial Instruments and Exchange Act.

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1. Condensed Quarterly Consolidated Financial Statements and Notes

(1) Condensed Quarterly Consolidated Balance Sheets

(Millions of yen)

	Notes	As of December 31, 2019	As of March 31, 2020
Assets			
Current assets:			
Cash and cash equivalents		113,825	89,261
Trade and other receivables		98,528	85,855
Inventories		74,120	80,954
Other financial assets	10	752	711
Other current assets		17,587	20,285
Total current assets		304,812	277,066
Non-current assets:			
Property, plant and equipment		467,136	474,968
Right-of-use assets		39,629	38,936
Goodwill		27,021	27,021
Intangible assets		67,123	67,003
Investments accounted for using the equity method		310	309
Other financial assets	10	33,499	28,312
Deferred tax assets		6,093	11,717
Other non-current assets		6,820	8,041
Total non-current assets		647,632	656,307
Total assets		952,444	933,373

(Millions of yen)

	Note	As of December 31, 2019	As of March 31, 2020
Liabilities and equity			
Liabilities			
Current liabilities:			
Trade and other payables		122,364	115,501
Bonds and debts	10	17,261	17,105
Lease liabilities		6,634	6,727
Other financial liabilities	10	916	2,941
Income taxes payable		1,104	568
Provisions		20	23
Other current liabilities		19,886	21,554
Total current liabilities		168,186	164,420
Non-current liabilities:			
Bonds and debts	10	188,487	187,986
Lease liabilities		34,138	33,575
Net defined benefit liabilities		24,908	25,684
Provisions		2,104	2,183
Deferred tax liabilities		24,876	24,793
Other non-current liabilities		3,254	3,326
Total non-current liabilities		277,767	277,548
Total liabilities		445,953	441,968
Equity:			
Capital stock		15,232	15,232
Capital surplus		450,526	450,592
Retained earnings	7	121,372	111,198
Treasury shares		(85,649)	(85,652)
Accumulated other comprehensive income		4,517	(432)
Equity attributable to owners of parent		505,999	490,939
Non-controlling interests		492	466
Total equity		506,491	491,405
Total liabilities and equity		952,444	933,373

(2) Condensed Quarterly Consolidated Statements of loss

(Millions of yen)

	Notes	Three months ended March 31, 2019	Three months ended March 31, 2020
Net sales	5,8	198,733	198,715
Cost of sales		104,131	105,297
Gross profit		94,602	93,418
Selling and general administrative expenses		98,140	99,645
Other income		293	227
Other expenses	9	9,565	1,822
Share of loss of entities accounted for using equity method		(14)	(59)
Operating loss	5	(12,824)	(7,881)
Financial revenue		377	95
Finance costs		268	276
Loss for the period before income taxes		(12,715)	(8,063)
Income tax benefits		(4,730)	(2,374)
Loss for the period		(7,985)	(5,689)
Net income (loss) for the year attributable to:			
Owners of the parent		(8,002)	(5,690)
Non-controlling interests		17	2
Loss per share (yen)	12	(44.22)	(31.73)

(3) Condensed Quarterly Consolidated Statements of Comprehensive Loss

(Millions of yen)

	Notes	Three months ended March 31, 2019	Three months ended March 31, 2020
Loss for the period		(7,985)	(5,689)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plans		1,785	-
Net changes in financial assets measured at fair value through other comprehensive income		673	(3,414)
Subtotal		2,458	(3,414)
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges		(9)	(1,704)
Subtotal		(9)	(1,704)
Total other comprehensive income (loss) for the period		2,449	(5,119)
Total comprehensive loss for the period		(5,536)	(10,807)
Comprehensive income (loss) attributable to:			
Owners of parent		(5,553)	(10,809)
Non-controlling interests		17	2

(4) Condensed Quarterly Consolidated Statements of Changes in Equity

(Millions of yen)

		Equity attributable to owners of the parent							
		Capital stock	Share premium	Retained earnings	Treasury shares	Other comprehensive income accumulated	Total	Non-controlling interests	Total
Balance as of January 1, 2019 (Before restatement)		15,232	450,533	182,418	(72,651)	4,915	580,448	458	580,906
Adjustments resulting from the adoption of IFRS 16		-	-	(338)	-	-	(338)	-	(338)
Balance as of January 1, 2019 (After restatement)		15,232	450,533	182,080	(72,651)	4,915	580,110	458	580,568
Comprehensive income for the period									
Net income (loss) for the period		-	-	(8,002)	-	-	(8,002)	17	(7,985)
Other comprehensive income (loss)		-	-	-	-	2,449	2,449	-	2,449
Total comprehensive income (loss) for the year		-	-	(8,002)	-	2,449	(5,553)	17	(5,536)
Transactions with owners									
Dividends of surplus	7	-	-	(4,587)	-	-	(4,587)	(22)	(4,609)
Purchase of treasury stock	6	-	(64)	-	(12,991)	-	(13,055)	-	(13,055)
Disposal of treasury stock		-	(0)	-	0	-	0	-	0
Transactions of share-based payment		-	41	-	-	-	41	-	41
Reclassification from accumulated other comprehensive income to retained earnings		-	-	1,785	-	(1,785)	-	-	-
Reclassification from accumulated other comprehensive income to non-financial assets		-	-	-	-	(41)	(41)	-	(41)
Total transactions with owners		-	(23)	(2,802)	(12,991)	(1,827)	(17,642)	(22)	(17,664)
Balance as of March 31, 2019		15,232	450,511	171,276	(85,641)	5,538	556,915	453	557,368

This is an English translation of the original Quarterly Report (“Shihanki Hokokusho”) ended March 31, 2020 pursuant to the Japanese Financial Instrument and Exchange Law. In the event of any discrepancy between Shihanki Hokokusho and this English translation, Shihanki Hokokusho shall prevail.

(Millions of yen)

		Equity attributable to owners of the parent							
		Capital stock	Share premium	Retained earnings	Treasury shares	Other comprehensive income accumulated	Total	Non-controlling interests	Total
Balance as of January 1, 2020		15,232	450,526	121,372	(85,649)	4,517	505,999	492	506,491
Comprehensive income for the period									
Net loss for the period		-	-	(5,690)	-	-	(5,690)	2	(5,689)
Other comprehensive loss		-	-	-	-	(5,119)	(5,119)	-	(5,119)
Total comprehensive income (loss) for the year		-	-	(5,690)	-	(5,119)	(10,809)	2	(10,807)
Transactions with owners									
Dividends of surplus	7	-	-	(4,484)	-	-	(4,484)	(28)	(4,512)
Purchase of treasury stock		-	-	-	(3)	-	(3)	-	(3)
Disposal of treasury stock		-	(0)	-	0	-	0	-	0
Transactions of share-based payment		-	66	-	-	-	66	-	66
Reclassification from accumulated other comprehensive income to retained earnings		-	-	0	-	(0)	-	-	-
Reclassification from accumulated other comprehensive income to non-financial assets		-	-	-	-	170	170	-	170
Total transactions with owners		-	66	(4,484)	(3)	170	(4,250)	(28)	(4,278)
Balance as of March 31, 2020		15,232	450,592	111,198	(85,652)	(432)	490,939	466	491,405

(5) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Notes	Three months ended March 31, 2019	Three months ended March 31, 2020
Cash flows from operating activities			
Loss for the period before income benefits		(12,715)	(8,063)
Adjustments for:			
Depreciation and amortization		13,789	14,670
Impairment loss		59	66
Change in allowance for doubtful accounts		(170)	(82)
Interest and dividends income		(27)	(27)
Interest expenses		268	264
Share of loss of entities accounted for using equity method		14	59
Gain on sale of property, plant and equipment		(18)	(4)
Loss on disposal and sale of property, plant and equipment		632	401
Decrease in trade and other receivables		1,929	12,702
Decrease (increase) in inventories		(3,275)	(6,834)
Decrease (increase) in other assets		1,192	(989)
Increase (decrease) in trade and other payables		15,918	550
(Decrease) Increase in net defined benefit liabilities		(1,731)	776
Decrease in other liabilities		(1,949)	(2,347)
Others		(105)	8
Subtotal		13,811	11,151
Interest received		0	0
Dividends received		27	27
Interest paid		(134)	(262)
Income taxes paid		(3,654)	(1,154)
Income taxes refund		1	0
Net cash provided by operating activities		10,051	9,762
Cash flows from investing activities			
Acquisitions of property, plant and equipment and intangible assets		(20,482)	(27,454)
Proceeds from sales of property, plant and equipment and intangible assets		187	78
Purchases of other financial assets		(11)	(11)
Proceeds from sale of other financial assets		1	0
Other		10	31
Net cash used in investing activities		(20,295)	(27,356)

(Millions of yen)

	Notes	Three months ended March 31, 2019	Three months ended March 31, 2020
Cash flows from financing activities			
Increase in short-term loans payable		19,000	—
Repayments of long-term loans payable		(723)	(685)
Dividends paid	7	(4,587)	(4,484)
Dividends paid to non-controlling interests		(22)	(28)
Proceeds from disposal of treasury stock		0	0
Purchases of treasury stock	6	(13,084)	(3)
Repayments of lease liabilities		(1,721)	(1,771)
Net cash used in financing activities		(1,137)	(6,970)
Net decrease in cash and cash equivalents		(11,382)	(24,564)
Cash and cash equivalents at the beginning of the year		65,510	113,825
Cash and cash equivalents at the end of the year		54,129	89,261

Notes to consolidated financial statements

1. Introduction

The Company is a holding company domiciled in Japan and is listed on the First Section of the Tokyo Stock Exchange and the Fukuoka Stock Exchange. 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. The Group also develops, manufactures and sells a variety of healthcare products.

The Group's consolidated financial statements consists of the Company, subsidiaries and associates. The consolidated financial statements was approved by our Representative Director & President, Calin Dragan and our Representative Director Vice President and Chief Financial Officer (Treasurer), Bjorn Ivar Ulgenes on May 13, 2020 and is considering the events after the reporting period to that date (see notes 13, "events after the reporting period").

2. Basis of preparation

The Company's condensed quarterly consolidated financial statements have been prepared in accordance with International Accounting Standards Article 34 "Interim Financial Reporting" based on the Ordinance on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007).

Condensed quarterly consolidated financial statements should be used in conjunction with consolidated financial statements for the prior year as they do not include all the information required in the annual consolidated financial statements.

Condensed quarterly consolidated financial statements have been prepared on the basis of cost except for measurement at fair value.

Condensed quarterly consolidated financial statements are stated in Japanese yen. All condensed quarterly consolidated financial information is rounded to the nearest million yen unless otherwise stated.

3. Significant accounting policies

The significant accounting policies applied by the Group in the condensed quarterly consolidated financial statements are the same as the accounting policies applied in the consolidated financial statements for the prior year.

Income taxes benefits for the three months ended March 31, 2020, have been calculated on the basis of the annual estimated effective tax rate.

4. Critical accounting judgments, estimates and assumptions

In preparing the condensed quarterly consolidated financial statements in accordance with IFRS, management is required to make judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates. The estimates and the assumptions underlying the estimates are continually reviewed and are based on historical experience and other factors, including future events, which are believed to be reasonable under the environments. Accounting estimates are based on the most appropriate information at the time the condensed quarterly consolidated financial statements are filed, however, with the spread of COVID-19 and government emergency declaration and the decision to postpone the Tokyo 2020 Olympic and Paralympic Games, the Group`s current accounting estimates and assumptions will continue to be evaluated.

If any estimates in further into the future changes, the impact of the revises is recognized in the condensed quarterly consolidated statements of loss and condensed quarterly consolidated statements of comprehensive loss subsequent to the reporting period in which they are revised.

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

5. Segment Information

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 established an organizational management system for each product and service. Based on the types and characteristics of products and sales markets, the Group identified the following operating segments. No operating segments have been aggregated to form reportable segments.

The principal products and services belonging to the reportable segments are as follows, and the Healthcare and Skincare segment is operated by a wholly owned subsidiary, Q'SAI CO., LTD. and its subsidiaries

Reportable segments	Principal Products and Services
Beverage Business	Purchase, manufacture and sale of carbonated beverages such as Coca-Cola, coffee and black tea beverages, mineral water, bottling, packaging, distribution and marketing, vending machine-related business in Japan
Healthcare & Skincare Business	Manufacture and sale of kale juice (aojiru) and other products made from Kale, as well as the manufacture and sale of health foods, cosmetics and other related products

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 "Significant accounting policies."

Reportable segment information is as follows:

First quarter of the prior year (January 1, 2019 – March 31, 2019)

(Millions of yen)

	Reportable segments			Adjustment	Total
	Beverage Business	Healthcare & Skincare Business	Reportable segments Total		
Sales revenue to external customers	192,767	5,966	198,733	-	198,733
Intersegment sales revenue	-	-	-	-	-
Total sales revenue	192,767	5,966	198,733	-	198,733
Segment profit (loss)	(13,538)	714	(12,824)	-	(12,824)
Adjustments					
Financial revenue					377
Finance costs					268
Loss before tax					(12,715)

First quarter of the current year (January 1, 2020 – March 31, 2020)

(Millions of yen)

	Reportable segments			Adjustment	Total
	Beverage Business	Healthcare & Skincare Business	Reportable segments Total		
Sales revenue to external customers	193,029	5,687	198,715	-	198,715
Intersegment sales accumulation	-	-	-	-	-
Total sales revenue	193,029	5,687	198,715	-	198,715
Segment profit (loss)	(8,428)	547	(7,881)	-	(7,881)
Adjustments					
Financial revenue					95
Finance costs					276
Loss before tax					(8,063)

6. Acquisition of treasury stock

Based on the resolution of the Board of Directors on November 9, 2018, the Company acquired its treasury stock during the first quarter of the prior year. As a result of this acquisition, treasury stock increased by 4,120,300 shares in the first quarter of the prior year.

7. Dividends

Dividends payments were as follows:

First quarter of the prior year (January 1, 2019 – March 31, 2019)

Resolution	Type of shares	Total amount of dividends paid (Millions of yen)	Dividends per share (Yen)	Dividend record date	Effective date
March 27, 2019 Ordinary General Meeting of Shareholders	Ordinary share	4,587	25	December 31, 2018	March 27, 2019

First quarter of the current year (January 1, 2020 – March 31, 2020)

Resolution	Type of shares	Total amount of dividends paid (Millions of yen)	Dividends per share (Yen)	Dividend record date	Effective date
March 26, 2020 Ordinary General Meeting of Shareholders	Ordinary share	4,484	25	December 31, 2019	March 27, 2020

8. Revenue

The Group's organizational structure is based on the two business of the Beverage business and Healthcare & Skincare business. These two businesses are components for which discrete financial information is available, and whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Therefore, the revenue in these two businesses are presented as "Revenue" in the consolidated financial statement of loss. In the Beverage business, the Group purchases, manufactures, and sells carbonated beverages such as Coca-Cola, coffee beverages, black tea beverages, mineral water and other beverages in Japan. In the Healthcare & Skincare business, the Group manufactures and sells kale juice (aojiru) and other products made from Kale and manufactures and sells health foods and cosmetics and other related products.

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 customer do not include any material financial elements.

The contract liabilities, refund liabilities, amount of assets recognized from the costs of obtaining a contract or to fulfil a contract and amount of revenue recognized from performance obligation satisfied in prior periods were immaterial. In addition, 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.

The breakdown of revenue and the relationship between reportable segments is as follows.

First quarter of the prior year (January 1, 2019 – March 31, 2019)

(Millions of yen)

	Reportable segments		
	Beverage business	Healthcare & Skincare business	Total
Beverage	192,541	-	192,541
Health food	-	5,966	5,966
Other	226	-	226
Total	192,767	5,966	198,733

First quarter of the current year (January 1, 2020 – March 31, 2020)

(Millions of yen)

	Reportable segments		
	Beverage business	Healthcare & Skincare business	Total
Beverage	192,812	-	192,812
Health food	-	5,687	5,687
Other	217	-	217
Total	193,029	5,687	198,715

9. Other expenses

Other expenses (non-recurring) for the first quarter of the prior year include 8,706 million yen in special retirement allowance and outplacement support service incurred in connection with the implementation of the voluntary retirement program resolved by the Board of Directors in February 2019.

Other expenses (non-recurring) for the first quarter of the current year include special retirement allowances, outplacement support service of 746 million yen and business structure improvement expenses of 331 million yen. Business structure improvement expenses are costs associated with the efforts of creating an efficient new system with the aim of creating more value and further improving productivity for the sustainable growth of the Group.

10. Fair value of financial instruments

(a) Classification by level of the fair value Hierarchy

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

The fair value hierarchy is defined as follows:

Level 1: fair value (unadjusted) in the active market of the same asset or liability
Level 2: fair value based on inputs other than quoted prices included in Level 1, either directly observable inputs or indirectly, of observable inputs for asset or liability
Level 3: fair value based on unobservable inputs for asset or liability

When more than one input is used to measurement 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 and Level 2 during the first quarter of the prior year and first quarter of the current 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 active market for the same asset or liability. If there is no active market stock price for the same asset or liability, the Group uses valuation techniques such as stock prices in non-active markets, quoted market prices of similar companies and discounted future cash flows 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 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 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, 2019

Type	Valuation technique	Significant unobservable inputs	Interactions between significant unobservable inputs and fair value measurement
Financial instrument measured at fair value through other comprehensive income (Securities)	Comparison of similar companies	EBIT Multiple: 9.2-46.5 times EBITDA Multiple: 8.6times PBR: 1.0-2.7 times	Estimated fair value increases (decreases) when equity indices of comparable listed companies of the target are high (low)

As of March 31, 2020

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: 2.9-46.5 times EBITDA Multiple: 11.5 times PBR: 0.9-2.1 times	Estimated fair value increases (decreases) when equity indices of comparable listed companies of the target are high (low)

EBIT Multiple: Corporate Value/EBIT
EBITDA Multiple: Corporate Value/EBITDA
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, 2019

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instrument measured at fair value through profit or loss:				
Derivative assets	-	579	-	579
Subtotal	-	579	-	579
Financial instrument measured at fair value through other comprehensive income:				
Securities	22,475	-	5,253	27,728
Other	-	-	138	138
Subtotal	22,475	-	5,392	27,867
Total	22,475	579	5,392	28,446
Financial liabilities				
Financial instrument measured at fair value through profit or loss:				
Derivative liabilities	-	916	-	916
Total	-	916	-	916

As of March 31, 2020

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instrument measured at fair value through profit or loss:				
Derivative assets	-	307	-	307
Subtotal	-	307	-	307
Financial instrument measured at fair value through other comprehensive income:				
Securities	17,795	-	4,804	22,599
Other	-	-	120	120
Subtotal	17,795	-	4,924	22,719
Total	17,795	307	4,924	23,026
Financial liabilities				
Financial instrument measured at fair value through profit or loss:				
Derivative liabilities	-	2,941	-	2,941
Total	-	2,941	-	2,941

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 at January 1, 2019	4,914
Disposals	(0)
Gains recognized in other comprehensive income	246
Balance at March 31, 2019	5,161
Balance at January 1, 2020	5,392
Disposals	-
Losses recognized in other comprehensive income	(468)
Balance at March 31, 2020	4,924

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, 2019

(Millions of yen)

	Carrying amount	Fair value	Difference
Long-term loans payable and bonds	205,748	205,627	122

As of March 31, 2020

(Millions of yen)

	Carrying amount	Fair value	Difference
Long-term loans payable and bonds	205,091	204,469	623

Long-term loans payable and bonds include current portion. Cash and cash equivalents, trade and other receivables, trade and other payables, and short-term loans payable are not included in the above table because their fair value approximates their carrying amount because they are collected and settled in a short period of time.

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

a. Loans payable

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

b. Bonds

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

11. 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 amount 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.

As a result, in the consolidated statement of income for the first quarter, cost of sales, selling, general and administrative expenses decreased by 2,170 million yen.

12. Loss per share

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

The basis for calculating the basic loss per share for the first quarter of the current year and prior year is as follows.

	Three months ended March 31, 2019	Three months ended March 31, 2020
Loss for the period attributable to owner of parent (millions of yen)	(8,002)	(5,690)
Weighted-average shares of ordinary share outstanding (in thousands)	180,975	179,351
Loss per share (yen)	(44.22)	(31.73)

13. Events after the reporting period

Not applicable.

2. Others

Not applicable.

Part II Information of guarantor companies of the filing company

Not applicable