

This flash report is unaudited and the translation of the Japanese language version. In the event of any discrepancy, errors and/or omissions, the Japanese language version shall prevail.



## Consolidated Financial Summary for Fiscal Year Ended December 31, 2020 (IFRS)



February 10, 2021

Listed company name: Coca-Cola Bottlers Japan Holdings Inc.

Listed stock exchanges: Tokyo

Code number: 2579

URL: <https://en.ccbj-holdings.com/>

Delegate: Title: Representative Director & President

Name: Calin Dragan

Contact: Title: Head of Finance Operations and Controllers Division, Finance, Name: Satoshi Kon Phone: +81-3-6896-1707

Expected date of general shareholders meeting: March 25, 2021

Expected date of the dividend payment: March 26, 2021

Expected date of submission of annual securities report: March 26, 2021

FY 2020 supplementary information: Yes

FY 2020 financial presentation: Yes

(Fractions of one million yen are rounded)

### 1. Consolidated financial results for the fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

#### (1) Consolidated financial results

(Percentages indicate changes over the same period in the prior fiscal year)

	Revenue		Business Income		Operating loss		Net loss		Net loss attributable to owners of the parent		Total comprehensive loss	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Dec. 31, 2020	791,956	(11.0)	169	(98.5)	(11,722)	—	(4,729)	—	(4,715)	—	(2,228)	—
Dec. 31, 2019	890,009	(4.0)	11,447	(50.8)	(58,904)	—	(57,895)	—	(57,952)	—	(52,108)	—

	Loss per share	Diluted earnings per share	Ratio of income to equity attributable to owners of the parent	Ratio of income before tax to total assets	Ratio of Operating income to net sales
	yen	yen	%	%	%
Dec. 31, 2020	(26.29)	—	(0.9)	(1.3)	(1.5)
Dec. 31, 2019	(322.22)	—	(10.7)	(6.4)	(6.6)

Reference: Share of income (loss) of entities accounted for using equity method

Fiscal Year 2020: (245) million yen

Fiscal Year 2019: 43 million yen

\*1. "Business Income (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.

2. In the fiscal year ending 31 December 2020, the Healthcare and Skincare business has been classified as a discontinued operation as a result of the decision to sell all shares in Q'sai held by the Company. As a result, revenue, business Income and operating loss for the previous financial year have been reclassified to the amounts for continuing operations excluding discontinued operations.

#### (2) Consolidated financial position

	Total assets	Total equity	Equity attributable to parent owners	Ratio of equity attributable to parent owners	Equity attributable to owners of the parent per share
	million yen	million yen	million yen	%	yen
Dec. 31, 2020	939,603	502,093	501,643	53.4	2,797.03
Dec. 31, 2019	952,444	506,491	505,999	53.1	2,821.27

#### (3) Consolidated cash flows

	Net cash from (used in)			Cash and cash equivalents at end of year
	Operating activities	Investing activities	Financing activities	
Year ended	million yen	million yen	million yen	million yen
Dec. 31, 2020	43,716	(52,076)	20,912	126,378
Dec. 31, 2019	42,629	(68,308)	73,994	113,825

### 2. Dividends

(Record date)	Dividends per share					Total dividend payments (annual)	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1Q	2Q	3Q	Year-end	Annual			
Year ended	yen	yen	yen	yen	yen	million yen	%	%
Dec. 31, 2019	—	25.00	—	25.00	50.00	8,968	—	1.7
Dec. 31, 2020	—	0.00	—	25.00	25.00	4,484	—	0.9
Dec. 31, 2021 (forecast)	—	25.00	—	25.00	50.00		—	

### 3. Forecast of consolidated financial results 2021 (from January 1, 2021 to December 31, 2021)

(Percentages indicate changes over the same period in the prior fiscal year)

	Revenue		Business Income		Operating income		Net income		Net income for the year attributable to owners of the parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year 2021	—	—	—	—	—	—	—	—	—	—	—

\*There are many uncertainties related to the impact of the ongoing COVID-19 pandemic, including the new declaration of a state of emergency in Japan, the expected timing of a reduction in infection rates and a potential vaccine approval, and the impact on the market. Therefore, it is not possible to estimate and announce our full-year 2021 earnings forecast at this time. We will provide an update when we are able to estimate the impact to our outlook.

#### Notes

- (1) Changes in significant subsidiaries during the current period: : None
- (2) Changes in accounting policies, changes in accounting estimates:
- 1) Changes in accounting policies as required by IFRS: : None
- 2) Changes other than those in 1) above : None
- 3) Changes in accounting estimates : None
- (3) Number of outstanding shares (common shares)
- 1) Number of outstanding shares at the end of period (including treasury shares):
- FY 2020: 206,268,593 shares
- FY 2019: 206,268,593 shares
- 2) Number of treasury shares:
- FY 2020: 26,920,298 shares
- FY 2019: 26,917,320 shares
- 3) The number of average shares outstanding:
- FY 2020: 179,349,902 shares
- FY 2019: 179,852,114 shares

#### (Reference) Summary of the Non-consolidated Financial Results

##### 1. Non-consolidated financial results for the fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

###### (1) Non-consolidated financial results

(Percentages indicate changes over the same period in the prior fiscal year)

	Operating revenue		Operating income		Recurring income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended								
Dec. 31, 2020	19,202	(27.6)	14,831	(31.8)	14,345	(29.2)	15,742	(24.0)
Dec. 31, 2019	26,517	155.6	21,730	278.9	20,273	288.1	20,702	371.0

	Earnings per share	Diluted earnings per share
	yen	yen
Dec. 31, 2020	87.77	—
Dec. 31, 2019	115.11	—

(2) Non-consolidated financial position

	Total assets	Net assets	Net assets (excl. minority interests) to total assets	Net assets (excl. minority interests) per share
As of	million yen	million yen	%	yen
Dec. 31, 2020	587,306	342,391	58.3	1,909.09
Dec. 31, 2019	549,683	331,139	60.2	1,846.32

Reference: Net assets (excl. minority interests)

Fiscal Year 2020: 342,391 million yen

Fiscal Year 2019: 331,139 million yen

\* The consolidated financial summary is not subject to quarterly review procedures conducted by certified public accountant or audit firm.

\* Explanation regarding appropriate use of the forecast, other special instructions

Figures in the above forecast are based on information available to management at the time of issuance of this report, and the actual results may be changed due to a member of inherent uncertainties in the forecast. .

Furthermore, please refer to “1. Overview of Operating Results, etc. (1) Analysis of Operating Results (Outlook for 2020)” on page 4 for matters relating to performance forecasts.

## Table of contents

	Page
1. Overview of Operating Results, etc. ....	2
(1) Analysis of Operating Results .....	2
(2) Analysis of Financial Position .....	5
(3) Basic Policies for Income Distribution and Dividends for FY2020 and FY2021 .....	6
2. Basic Concept Concerning the Selection of Accounting Standards .....	6
3. Consolidated Financial Statements and Notes .....	7
(1) Consolidated Statement of Financial Position .....	7
(2) Consolidated Statements of Income and Comprehensive Income .....	9
(Consolidated Statements of Income) .....	9
(Consolidated Statements of Comprehensive Income) .....	10
(3) Consolidated Statements of Changes in Equity .....	11
(4) Consolidated Statements of Cash Flows .....	13
(5) Notes to Consolidated Financial Statements .....	15
(Notes Relating to Going Concern Assumption) .....	15
(Changes in Accounting Policies) .....	15
(Segment Information, etc.) .....	15
(Per Share Information) .....	15
(Significant Subsequent Events) .....	16
4. Others .....	17
(1) Changes in Key Consolidated Management Indicators .....	17
(2) Officer Change .....	18

## 1. Overview of Operating Results, etc.

### (1) Analysis of Operating Results

(Qualitative information on the Consolidated Operating Results)

(Overview of Full-year 2020 Results)

Coca-Cola Bottlers Japan Holdings Inc. (“CCBJH” or the “Company”, or “we”) announced full-year results for the fiscal year ending on December 31, 2020 (January 1, 2020 to December 31, 2020).

During the continued outbreak of the novel coronavirus (COVID-19), the safety and health of our consumers, our customers, our employees and our communities is our number one priority. Our mission is to deliver happy 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 this fiscal year, total nonalcoholic ready-to-drink (NARTD) beverage industry volume performance is expected to continue to decline versus the prior-year, reflecting weaker consumer traffic and demand driven by the COVID-19 outbreak as well as unseasonably rainy and cool weather in July.

We continue to drive fundamental business transformation under the guiding principle of our mid-term strategic business plan announced in August 2019 that “business as usual is not an option”. We are focusing on our core beverage business and implementing initiatives to fundamentally transform our business, including transformation in the important vending channel and back-office routines to drive cost efficiencies, increasing production and supply capacity, and promoting new and more flexible working styles. In the short term, we are focusing on various urgent cost 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 finding opportunities during this turbulent period to accelerate the pace of ongoing transformation projects and to identify incremental growth and efficiency improvement opportunities. This will ensure that we are well-prepared for the evolution of the business environment in the longer term.

The Company has also been evaluating future opportunities for growth and operating synergies for the health and skincare business. We determined that the best way to support the next era of growth for this business is to sell Q’sai to Q-Partners Co., Ltd., a company formed for this purchase led by investment funds in which Advantage Partners Inc. provides services, euglena Co., Ltd., and, Tokyo Century Corporation. The Company entered into a share transfer agreement with Q-Partners Co., Ltd. as of December 15, 2020 and sold all of the shares of the Company’s consolidated subsidiary, Q’sai Co., Ltd. as of February 1, 2021 for a profit of 12.5 billion yen and cash inflow of 45 billion yen. As a result of executing the share-transfer agreement, Q’sai is classified as discontinued operations for the fiscal year ending December 31, 2020. Accordingly, the relevant section of prior-year financial statements and notes have been reclassified.

Our full-year results were impacted by weak beverage business sales volumes due to the COVID-19 situation while we addressed urgent mitigation efforts by driving fundamental business transformation and other cost-savings initiatives to partially offset the current-year revenue decline. In spite of approximately 100 billion yen decline in consolidated revenue for the year, we were able to deliver slightly positive Business Income through significant fixed-cost savings, making costs more variable through process improvements, investments in IT systems and organizational restructuring.

In addition to the business update in this document, please also see our earnings presentation material posted on the Company IR website (<https://en.ccbjholdings.com/ir/library/presentation.php>) to be used in our earnings conference call on Friday, February 12 at 1:30 pm (JST). The earnings presentation and audio will be available live and on demand as an audio webcast in the IR section of the CCBJH website.

#### **Full-year 2020 Highlights**

- Business Income exceeded plan driven by acceleration of fundamental transformation and incremental cost savings
- Vending channel value share continues to improve, with 21 consecutive months of positive momentum. Recovery of over-the-counter (“OTC”) market share in fourth quarter driven by selective marketing reinvestment in the quarter
- Continue to drive fundamental business transformation guided by our mid-term strategic plan amid the current COVID-19 challenges and postponement of the Tokyo 2020 Olympic and Paralympic Games; Transformation in vending and OTC sales routes ahead of plan, reduction of fixed costs to increase flexibility; 35 billion yen in cost savings
- Recovery and expansion of supply capacity completed as planned, with seven new manufacturing lines including the new Hiroshima plant. Saitama “mega distribution center”, which will help optimize the logistics network in the Tokyo metropolitan area, started operations in February 2021
- Alcohol business continues to perform well with expanded product lineup introduced in the fourth quarter

- Divested healthcare and skincare business as of February 1, 2021. Cash inflow of 45 billion yen. Proceeds expected to be used for investment to drive transformation and growth as well as initiatives to improve shareholder value
- No 2021 full-year earnings guidance provided, given renewed market uncertainty and reductions in consumer traffic after declaration of 2<sup>nd</sup> state of emergency in Japan and lack of clarity on a timeline for vaccinations and expected market recovery

### Summary of Consolidated Financial Results

(In million JPY except sales volume)

<b>Full-year (January to December)</b>	2019	2020	Change (%)
Continuing Operation (Beverage Business)			
Revenue	890,009	<b>791,956</b>	(11.0)
Sales volume of beverage business (million cases)	505	<b>458</b>	(9)
Gross Profit	421,224	<b>362,916</b>	(13.8)
Selling, General & Administrative Expenses	407,510	<b>359,645</b>	(11.7)
Other income (Recurring)	1,052	<b>772</b>	(26.6)
Other expenses (Recurring)	3,362	<b>3,628</b>	7.9
Investment gain (loss) on equity method	43	<b>(245)</b>	—
Business Income	11,447	<b>169</b>	(98.5)
Impairment losses of goodwill	61,859	—	(100.0)
Other income (Non-recurring)	3,045	<b>7,714</b>	153.4
Other expenses (Non-recurring)	11,537	<b>19,606</b>	69.9
Operating Income (Loss)	(58,904)	<b>(11,722)</b>	—
Net Income (Loss) Attributable to Owners of Parent	(57,952)	<b>(4,715)</b>	—
<b>Q4 (October to December)</b>	2019	2020	Change (%)
Continuing Operation (Beverage Business)			
Revenue	213,994	193,409	(9.6)
Sales volume of beverage business (million cases)	121	114	(6)
Gross Profit	99,017	87,423	(11.7)
Selling, General & Administrative Expenses	101,239	89,673	(11.4)
Other income (Recurring)	187	209	11.8
Other expenses (Recurring)	1,264	2,190	73.3
Investment gain on equity method	133	65	(51.0)
Business Income (Loss)	(3,166)	(4,167)	—
Other income (Non-recurring)	908	5,932	553.2
Other expenses (Non-recurring)	2,277	4,534	99.1
Operating Income (Loss)	(4,535)	(2,769)	—
Net Income (Loss) Attributable to Owners of Parent	(2,258)	(71)	—

\* 1. "Business Income (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.

2 Net Income (Loss) Attributable to Owners of Parent is a total of continuing operation and discontinued operation results.

Net revenue of continuing operation (beverage business) for full-year 2020 declined 98,053 million yen, or 11.0 % to 791,956 million yen, reflecting declining volume trends since March, driven by the ongoing impact of COVID-19 and unseasonably rainy and cool weather in the summer, especially in the month of July.

Business income from continuing operations declined by 11,278 million yen or 98.5 %, to 169 million yen. This reflects a gross profit decline driven in large part by negative channel mix due to volume declines in the vending and convenience store channels, partially offset by significant efforts to drive cost reductions across labor, promotional activities and back-office expenses.

Consolidated operating loss from continuing operations improved from the prior year to a loss of 11,722 million yen (58,904 million yen loss in the prior year) mainly by cycling a 61,859 million yen impairment loss on Goodwill in the prior-year second quarter. As a reference, other income (non-recurring) includes 2,520 million yen of government subsidies which partially offset temporary paid leave expenses in 2020 due to the COVID-19 pandemic. Other expenses (non-recurring) in 2019 results include 9,184 million yen of special retirement allowances and others due to the introduction of a voluntary employee retirement program. Other expenses (non-recurring) in 2020 include 3,923 million yen of temporary paid leave expenses, 4,546 million yen of transformation-related expenses and special retirement allowances of 7,969 million yen.

Net loss attributable to owners of parent for the full-year, a total of continuing operations and discontinued operations, was 4,715 million yen (57,952 million yen loss in the prior year) led by improvement of the operating loss.

### **Beverage volume performance**

Full-year volume declined 9% due to a sharp decline starting in March triggered by less consumer traffic and reduced operating hours in restaurants and other businesses as a result of countermeasures to prevent the spread of COVID-19. This impact was partially offset by the contribution of the ready-to-drink alcohol brand, Lemon-dou launched nationwide in October 2019. Fourth-quarter volume declined 6% versus prior year period, reflecting a gradually recovering trend from the second quarter to the end of the year.

Full-year nonalcoholic ready-to-drink (NARTD) beverage volume declined 11%, and fourth-quarter volume declined 6%. Volume declines were led by the on-premise (retail & food), vending and convenience store channels as a result of people refraining from going out and limited operations of restaurants and eating outlets. We continued to gain share in the vending channel, but as sales volumes declined sharply in train stations, schools, leisure venues and offices, full-year vending channel volume declined 13%, which has a strong impact on overall net-sales mix. Retail & food channel sales volume declined 28% driven primarily by a sharp decline in food channel volume impacted by closure and shortened operating hours of eating and drinking outlets. This decline was partially offset by continued strong growth in the online channel. Full-year convenience store channel volume declined 11%, reflecting lower consumer traffic as well as a revised marketing and product launch calendar due to the postponement of the Tokyo 2020 Olympic Games. Drug & Discounter (D&D) channel volume has grown since February, and volume grew 8% for the full year, led by increased shopper traffic, demand for home consumption and bulk purchasing. Supermarket volume increased 1% supported by value share and volume growth in the fourth quarter.

In terms of beverage category performance, sparkling beverages declined 9%, offsetting growth from renewed Coca-Cola Zero and the newly-launched Fanta Premiere series. Non-sugar tea (NST) volume decreased 9%. Coffee volume declined 7%, as growth in PET bottled coffee brands, including Georgia Japan Craftsman and the new Georgia Latte Nista, was offset by a decline in can and bottle can products. The sports drink category volume declined 12% as a result of a decline in the overall category, with weaker performance in large PET packaging. Water volume declined 3%, as immediate consumption small-package volume declines offset emerging growth in large PET packages in supermarket and Drug and Discounter channels.

The ready-to-drink alcohol brand, Lemon-dou continues to perform well since expanding nationwide in October 2019 and sold 7.87 million cases in 2020, including newly added SKU “Kamisori Lemon” in December 2020.

(Outlook for next fiscal year)

In 2021, we expect uncertainty to continue in the overall Japan NARTD beverage market. Although cycling of the COVID-19 impact from 2020 can be expected, the Japanese government declared a renewed state of emergency in January 2021 due to the rapidly increasing COVID-19 infection rate, and this situation is expected to continue at least into March, with little visibility into a timeline for vaccination and a broader return to normal in the market.

Under these circumstances, and reflecting the guiding principle of our mid-term strategic business plan announced in August 2019 that “business as usual is not an option”, we are keeping a strict focus on managing what is in our control, and we will continue to drive fundamental business change to recover and grow by transforming our cost structure, including organization

restructuring and digitalization, focusing on an appropriate balance of marketing “big bets” and innovation, and increasing front-facing investments for growth in space-to-sell and market share.

In the commercial area, while the impact of COVID-19 is expected to continue, we will work closely with Coca-Cola (Japan) Company, Ltd. to achieve steady profit growth in the era of “New Normal” by staying relevant to evolving consumer purchase trends and channel mix and by “growing where the growth is”. Regarding strategic initiatives for growth categories, we launched a new product named “Lemon-dou Kamisori Lemon” to further expand our presence in ready-to-drink alcohol beverages at the end of 2020. In addition, we continue to expand sales of the “Fanta Premier” series that contains fruit puree and features a rich, adult-oriented sparkling taste, as well as high value-added functional products like “Karada Odayakacha W”, and the premium “Georgia Latte Nista” coffee series, along with extensive deployment of “COSTA Coffee”, the largest coffee brand in Europe. Regarding our important vending channel, we aim to deliver sustainable growth by selectively increasing vending machine placements with a ROI focus on high-potential locations, and gearing up the digital strategy by utilizing high-performing tools, such as our smartphone app “Coke ON”. In addition, together with The Coca-Cola Company, a worldwide Olympic partner, we will leverage the excitement of the Tokyo Olympic and Paralympic Games which were postponed to 2021, and implement comprehensive marketing campaigns to activate the market, based on multiple scenarios to align with the actual event operations.

Regarding our efforts to strengthen manufacturing capabilities and optimize our logistics and distribution network, which are key elements of our growth plan, we will fully leverage our expanded manufacturing capacity to optimize manufacturing efficiency and inventory levels and introduce new products and new packages, including those in the new alcohol category, as well as enhancing our logistics and distribution infrastructure. As a part of our logistics network optimization efforts, that we call the “Shinsei Project”, we continue to build a high-quality and low-cost supply chain network that ensures stable supply, centered on our newest high-capacity automated warehouse facility and “Mega Distribution Center” in Saitama, which started operations in February 2021. Going forward, we will work on optimizing the number of sales centers and other inventory locations that will operate in sync with the Saitama Mega DC.

Finally, we will continue to streamline and transform our operations through the standardization of business processes and promotion of digital transformation to build a resilient cost structure that can respond to the changes in the business environment with agility, and improve the balance sheet from the standpoint of appropriate capital management. Furthermore, we are actively strengthening people development initiatives in accordance to our company “Mission, Vision and Values”, and pushing forward ESG-related initiatives through the implementation of our CSV (creating shared value) Goals, which include the ambitious “2030 Packaging Vision” for the Coca-Cola system in Japan in order to contribute to the global Coca-Cola system’s goal to realize a World Without Waste.

We will continue to execute the above initiatives, but there are many uncertainties related to the impact of the ongoing COVID-19 pandemic, including the new declaration of a state of emergency in Japan, the expected timing of a reduction in infection rates and a potential vaccine approval, and the impact on the market. Therefore, it is not possible to estimate and announce our full-year 2021 earnings forecast at this time. We will provide an update when we are able to estimate the impact to our outlook. In the meantime, our focus will be on delivering improvements in the following areas:

- Value share growth
- New recurring cost savings from ongoing transformation initiatives and additional cost focus to offset weaker topline
- Restraint in new capital investments in 2021 during ongoing COVID-19 uncertainty
- Reinstatement of full-year dividend outlook of 50 yen per share
- Good stewardship of capital, including ongoing balance sheet optimization due to focus on core beverage business segment, sales of under-utilized assets and cross shareholdings and prudent investment focus grounded in ROI

## (2) Analysis of Financial Position

Assets at the end of this fiscal year were 939,603 million yen, a decrease of 12,840 million yen from the end of the prior year. This is mainly due to a decrease of Property, plant and equipment as a result of restrained investment in sales equipment and selling idle assets, decrease of Right-of-use assets by decline of office locations due to termination of tenant agreements, etc.

Liabilities at the end of this fiscal year were 437,510 million yen, a decrease of 8,443 million yen from the end of the prior year. This is mainly due to an increase of Bonds and Debt as we accessed 50 billion yen in short-term borrowing from banks in April 2020 to ensure sufficient liquidity and access to cash as a backstop during this period of high uncertainty, which was offset by a decline of Trade and other payables driven by sales volume declines and a decrease of Net Defined Benefit Liabilities due to favorable pension fund performance.

Net Assets at the end of this fiscal year were 502,093 million yen, a decrease of 4,398 million yen. This is mainly due to a



decrease of Other Comprehensive Income and a decline of Retained Earnings as a result of a decrease of net income and paying year-end dividends for 2019.

Also, in this fiscal year, the Company concluded a share transfer agreement with Q-Partners Co., Ltd. to sell all shares of its consolidated subsidiary, Q'sai Co., Ltd. to divest its healthcare and skincare business. Accordingly, assets and liabilities related to the Company's healthcare and skincare business have been classified as held for sale from this fiscal year. As a result, assets held for sale increased 48,138 million, and liabilities directly related to assets held for sales increased 7,193 million, compared to the end of the prior year.

The cash flow conditions for the full-year are as follows:

<Cash Flows from Operations>

Net cash used for operations was 43,716 million yen (42,629 million net cash generated from operations in the previous year period). This results mainly from the 12,065 million yen net loss before tax from continuing operation, increase of other assets, decrease of other liabilities, payment of income taxes, etc. offset by depreciation, decrease of inventories, refund on taxes, etc.

<Cash Flows from Investment Activities>

Net cash used for investment activities was 52,076 million yen (68,308 million yen in the previous year period), as cash used for purchasing of fixed assets as we recover our supply network and progressively expand production capacity, etc. was offset by cash-in from Proceeds from sales of property, plant and equipment and intangible assets and Proceeds from sale of other financial assets by selling idle assets and cross-share holdings.

<Cash Flows from Financing Activities>

Net cash generated from financing activities was 20,912 million yen (55,835 million yen net cash used for financing activities in the previous year period), driven by an increase of short-term loans for operating capital, partially offset by cash spent for payment of bond redemption, year-end dividends and lease liabilities.

As a result of these activities, cash and cash equivalents at the end of the fiscal year was 126,378 million yen, an increase of 12,553 million yen versus the prior year.

### (3) Basic Policies for Income Distribution and Dividends for 2020 and 2021

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

CCBJH sets its basic policy regarding dividends, which includes active redistribution of profits while placing the highest priority on paying dividends in a stable manner, by comprehensively reviewing the Company's business performance and level of retained earnings. In addition, the Company has set a payout ratio target of 30% or more for net profit attributable to owners of the parent. The company pays interim and year-end dividends.

With regards to the dividends for the fiscal year ending December 2020, the Company plans to distribute an annual dividend of 25 yen per share, with no interim dividend and a year-end dividend of 25 yen per share. In order to reduce the impact of the declaration of a state of emergency for the entire nation in response to the spread of COVID-19 and the decision to postpone the Olympic Games Tokyo 2020 on its business activities, the Company has been making efforts to reduce costs, review capital investment plans, and optimize the balance sheet. And taking into consideration of the current profit levels and cash flow performance, the Company plans to distribute the above dividends.

With the aim of placing the highest priority on stable dividends, the Company forecasts its annual dividend for the fiscal year ending December 2021 to recover to 50 yen, with an interim dividend of 25 yen and a year-end dividend of 25 yen per share, equivalent to those of the fiscal year ending December 2019.

The Company continues to consider means to maximize shareholder reruns by comprehensively reviewing the Company's business performance and level of retained earnings, including implementation of share buybacks.

## 2. Basic Concept Concerning the Selection of Accounting Standards

Coca-Cola Bottlers Japan Holdings Group (The Group) discloses consolidated financial statements based on International Financial Reporting Standards (IFRS) starting from the fiscal year ending December 2018, with a view to enhancing the international comparability of financial statements and contributing to the improved convenience for shareholders and investors of the Company.

### 3. Consolidated Financial Statements and Notes

#### (1) Consolidated Statement of Financial Position

	As of December 31, 2019	(Millions of yen) As of December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	113,825	114,778
Trade and other receivables	98,528	96,009
Inventories	74,120	68,180
Other financial assets	752	702
Other current assets	17,587	17,195
Subtotal	304,812	296,865
Assets held for trading	—	48,138
Total current assets	304,812	345,003
Non-current assets:		
Property, plant and equipment	467,136	460,502
Right-of-use assets	39,629	29,810
Goodwill	27,021	—
Intangible assets	67,123	66,193
Investments accounted for using the equity method	310	287
Other financial assets	33,499	25,640
Deferred tax assets	6,093	4,986
Other non-current assets	6,820	7,183
Total non-current assets	647,632	594,601
Total assets	952,444	939,603

	As of December 31, 2019	(Millions of yen) As of December 31, 2020
Liabilities and equity		
Liabilities		
Current liabilities:		
Trade and other payables	122,364	102,480
Bonds and debts	17,261	51,072
Lease liabilities	6,634	5,547
Other financial liabilities	916	408
Income taxes payable	1,104	3,238
Provisions	20	9
Other current liabilities	19,886	15,923
Subtotal	168,186	178,676
Liabilities directly associated with assets held for sale	—	7,193
Total current liabilities	168,186	185,869
Non-current liabilities:		
Bonds and debts	188,487	187,514
Lease liabilities	34,138	25,858
Other financial liabilities	—	605
Net defined benefit liabilities	24,908	14,876
Provisions	2,104	2,119
Deferred tax liabilities	24,876	17,296
Other non-current liabilities	3,254	3,375
Total non-current liabilities	277,767	251,641
Total liabilities	445,953	437,510
Equity:		
Capital stock	15,232	15,232
Capital surplus	450,526	450,605
Retained earnings	121,372	120,473
Treasury shares	(85,649)	(85,654)
Accumulated other comprehensive income	4,517	1,095
Accumulated other comprehensive income of disposal groups classified as for sale	—	(107)
Equity attributable to owners of parent	505,999	501,643
Non-controlling interests	492	450
Total equity	506,491	502,093
Total liabilities and equity	952,444	939,603

## (2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

	For the year ended December 31, 2019	(Millions of yen) For the year ended December 31, 2020
Continuing operations		
Revenue	890,009	791,956
Cost of sales	468,785	429,040
Gross profit	421,224	362,916
Selling and general administrative expenses	407,510	359,645
Impairment losses of goodwill	61,859	—
Other income	4,096	8,486
Other expenses	14,899	23,235
Share of income (loss) of entities accounted for using equity method	43	(245)
Operating income (loss)	(58,904)	(11,722)
Financial revenue	1,144	767
Finance costs	1,162	1,110
Income (loss) for the year before income taxes	(58,922)	(12,065)
Income tax expense	1,357	(4,918)
Net income(loss) for the year from continuing operations	(60,278)	(7,148)
Discontinued operations		
Net income(loss) for the year from discontinuing operations	2,383	2,418
Net income (loss) for the year	(57,895)	(4,729)
Net income (loss) for the year attributable to		
Owners of parent		
Loss from continuing operations attributable to owners of parent	(60,313)	(7,130)
Profit from discontinuing operations attributable to owners of parent	2,361	2,415
Non-controlling interests	56	(14)
Earnings per share (yen)		
Continuing operations	(335.35)	(39.76)
Discontinued operations	13.13	13.47
Loss per share	(322.22)	(26.29)

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the year ended December 31, 2019	For the year ended December 31, 2020
Net income (loss) for the year	(57,895)	(4,729)
Other comprehensive income.		
Items that will not be reclassified subsequently to income or loss:		
Remeasurements of defined benefit plans	5,596	7,662
Share of other comprehensive income of equity method investees	4	—
Net change in financial assets measured at fair value through other comprehensive income	621	(3,003)
Subtotal	<u>6,221</u>	<u>4,659</u>
Items that may be reclassified subsequently to income or loss:		
Cash flow hedges	(434)	(2,157)
Subtotal	<u>(434)</u>	<u>(2,157)</u>
Total other comprehensive income (loss) for the year	<u>5,788</u>	<u>2,502</u>
Total comprehensive income (loss) for the year	<u>(52,108)</u>	<u>(2,228)</u>
Comprehensive income (loss) attributable to:		
Owners of parent	(52,164)	(2,214)
Non-controlling interests	56	(14)

## (3) Consolidated Statements of Changes in Equity

For the year ended December 31, 2019

(Millions of yen)

	Equity attributable to owners of the parent company						Non-controlling interests	Total
	Capital stock	Share premium	Retained earnings	Treasury shares	Other comprehensive income accumulated	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 year								
Net income (loss) for the year	—	—	(57,952)	—	—	(57,952)	56	(57,895)
Other comprehensive income (loss)	—	—	—	—	5,788	5,788	—	5,788
Total comprehensive income (loss) for the year	—	—	(57,952)	—	5,788	(52,164)	56	(52,108)
Transactions with owners, etc.								
Dividends of surplus	—	—	(9,071)	—	—	(9,071)	(22)	(9,093)
Purchase of treasury stock	—	(64)	—	(13,002)	—	(13,066)	—	(13,066)
Disposal of treasury stock	—	(1)	—	3	—	3	—	3
Transactions of share- based payment	—	57	—	—	—	57	—	57
Reclassification from accumulated other comprehensive income to retained earnings	—	—	6,315	—	(6,315)	—	—	—
Reclassification from accumulated other comprehensive income to non-financial assets	—	—	—	—	129	129	—	129
Total transactions with owners, etc.	—	(7)	(2,756)	(12,999)	(6,186)	(21,947)	(22)	(21,970)
Balance as of December 31, 2019	15,232	450,526	121,372	(85,649)	4,517	505,999	492	506,491

For the year ended December 31, 2020

(Millions of yen)

	Equity attributable to owners of the parent company								
	Capital stock	Share premium	Retained earnings	Treasury shares	Other comprehensive income accumulated	Accumulated other comprehensive income of disposal groups classified as for sale	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 year									
Net income (loss) for the year	—	—	(4,715)	—	—	—	(4,715)	(14)	(4,729)
Other comprehensive income (loss)	—	—	—	—	2,502	—	2,502	—	2,502
Total comprehensive income (loss) for the year	—	—	(4,715)	—	2,502	—	(2,214)	(14)	(2,228)
Transactions with owners, etc.									
Dividends of surplus	—	—	(4,484)	—	—	—	(4,484)	(28)	(4,512)
Purchase of treasury stock	—	—	—	(8)	—	—	(8)	—	(8)
Disposal of treasury stock	—	(1)	—	3	—	—	2	—	2
Transactions of share-based payment	—	80	—	—	—	—	80	—	80
Reclassification from accumulated other comprehensive income to retained earnings	—	—	8,300	—	(8,300)	—	—	—	—
Reclassification from accumulated other comprehensive income to non-financial assets	—	—	—	—	2,268	—	2,268	—	2,268
Transfer to accumulated other comprehensive income of disposal groups classified as for sale	—	—	—	—	107	(107)	—	—	—
Total transactions with owners, etc.	—	79	3,816	(5)	(5,924)	(107)	(2,142)	(28)	(2,170)
Balance as of December 31, 2020	15,232	450,605	120,473	(85,654)	1,095	(107)	501,643	450	502,093

## (4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	For the year ended December 31, 2019	For the year ended December 31, 2020
Cash flows from operating activities		
Income (loss) for the year before income taxes from continuing operations	(58,922)	(12,065)
Income (loss) for the year before income taxes from discontinuing operations	3,502	3,545
Adjustments for:		
Depreciation and amortization	56,951	59,583
Impairment loss	62,870	1,057
Change in allowance for doubtful accounts	(515)	88
Interest and dividends income	(509)	(432)
Interest expenses	1,175	1,095
Share of loss (income) of entities accounted for using equity method	(43)	245
Gain on sale of property, plant and equipment and intangible assets	(2,183)	(5,201)
Loss on disposal and sale of property, plant and equipment and intangible assets	2,513	3,728
Decrease (increase) in trade and other receivables	(6,149)	1,043
Decrease (increase) in inventories	(5,339)	3,909
Decrease (increase) in other assets	(266)	(5,196)
Increase (decrease) in trade and other payables	6,259	(9,277)
Increase (decrease) in net defined benefit liabilities	(213)	2,038
Increase (decrease) in other liabilities	(3,543)	(1,904)
Others	(451)	318
Subtotal	55,138	42,573
Interest received	1	0
Dividends received	508	431
Interest paid	(1,018)	(945)
Income taxes paid	(13,675)	(6,022)
Income taxes refund	1,675	7,678
Net cash provided by operating activities	42,629	43,716
Cash flows from investing activities		
Acquisitions of property, plant and equipment and intangible assets	(78,213)	(67,565)
Proceeds from sales of property, plant and equipment and intangible assets	7,621	12,325
Purchases of other financial assets	(58)	(55)
Proceeds from sale of other financial assets	2,255	3,237
Others	88	(17)
Net cash used in investing activities	(68,308)	(52,076)



	For the year ended December 31, 2019	For the year ended December 31, 2020
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(24,000)	50,000
Repayments of long-term loans payable	(1,686)	(1,274)
Proceeds from issuance of bonds	149,441	—
Bond redemption	(20,000)	(16,000)
Dividends paid	(9,071)	(4,484)
Dividends paid to non-controlling interests	(22)	(28)
Proceeds from disposal of treasury stock	3	2
Purchases of treasury stock	(13,095)	(8)
Repayments of lease liabilities	(7,576)	(7,296)
Net cash provided by (used in) financing activities	<u>73,994</u>	<u>20,912</u>
Net increase (decrease) in cash and cash equivalents	48,315	12,553
Cash and cash equivalents at the beginning of the year	65,510	113,825
Cash and cash equivalents at the end of the year	<u><u>113,825</u></u>	<u><u>126,378</u></u>

(5) Notes to Consolidated Financial Statements  
 (Notes Relating to Going Concern Assumption)  
 Not applicable.

(Changes in Accounting Policies)  
 Not applicable.

(Segment Information, etc.)

(1) Reportable segments

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

From the current financial year, the Group has changed to a single segment of "Beverages". This is because the healthcare and skincare business was classified as a discontinued operation following the conclusion of an agreement to transfer all shares in Q'sai to Q-Partners Inc. on 15 December 2020.

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, etc., bottling, packaging, distribution and marketing, vending machine-related business in Japan

The Board of Directors evaluates the performance of each segment compared to other companies in the same industry by using operating income as reported in accordance with generally accepted accounting principles (IFRS).

(2) Information for each product and service

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

(3) Information for each region

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

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

(4) Major customer

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

(Per share information)

The calculation of basic earnings per share is based on the net income for the year attributable to owners of the Company and the weighted-average number of ordinary shares outstanding during the years.

The basis for calculating basic and diluted earnings per share is as follows.

	For the year ended December 31, 2019	For the year ended December 31, 2020
Net income (loss) for the year attributable to owner of parent (million yen)	(57,952)	(4,715)
Weighted-average shares of ordinary share outstanding (in thousands)	179,852	179,350
Earnings (loss) per share (yen):		
Continued operations	(335.35)	(39.76)
Discontinued operations	13.13	13.47

(Significant Subsequent Events)

The Company's Board of Directors resolved to sell all of the shares of the Company's consolidated subsidiary, Q'sai Co., Ltd to Q-Partners Co., Ltd. (the Acquiring Company"), a company formed for this purchase led by investment funds in which Advantage Partners Inc. provides services, euglena Co., Ltd., and, Tokyo Century Corporation on December 15, 2020 and sold all of the shares of the Company's consolidated subsidiary, Q'sai Co., Ltd. on February 1, 2021. As a result, Q'sai is removed from the scope of consolidation of the Company.

1. Reasons for the share transfer

In the healthcare and skincare business, we have been promoting improvements in efficiency and business contribution and have been examining the possibility of evaluating future opportunities for synergies across the two business segments.

In order to support the growth of this business at the next stage, we have determined that the transfer of the business to the transferee company is the most appropriate way to support the growth of the business, and we are therefore transferring all of our shares in Qsai.

2. Overview of the subsidiary (Q'sai) to be sold

(1) Name	Q'sai Co., Ltd.
(2) Description of Businesses	Manufacture and sale of healthcare products, skincare products, etc.
(3) Transaction details	The Company has a business relationship with Q'sai, including the purchase of products and raw materials, and borrowing and lending of funds.

3. Name of the company to which the shares will be transferred

Q-Partners Co., Ltd.

4. Number of shares to be sold, selling price and status of shares held before and after the transaction

(1) Shares owned by the Company prior to the transaction	302,755 shares (Voting rights the Company owns: 100%)
(2) Number of the shares to be sold	302,755 shares
(3) Selling price	Approximately 37.8 billion yen
(4) Gain on sale	Approximately 12.5 billion yen
(5) Shares owned by the Company after the transaction	0 shares (Voting rights the Company owns: 0%)

#### 4. Others

##### (1) Changes in Key Consolidated Management Indicators

	Japanese Standard		IFRS			
	FY2016	FY2017	FY2017	FY2018	FY2019	FY2020
Net revenues / Net sales (million yen)	460,455	872,623	837,069	927,307	890,009	791,956
Net revenues growth rate / Net sales growth rate (%)	4.5	89.5	—	10.8	(4.0)	(11.0)
Operating income (million yen)	21,143	40,579	37,594	14,682	(58,904)	(11,722)
Operating margin (%)	4.6	4.7	4.5	1.6	(6.6)	(1.5)
Recurring income (million yen)	20,602	39,859	—	—	—	—
Recurring income margin (%)	4.5	4.6	—	—	—	—
Income before income taxes and minority interests / Income for the year before income tax (million yen)	12,707	39,240	37,914	14,767	(58,922)	(12,065)
Ratio of income before income taxes to sales / Ratio of income for the year before income tax to net sales (%)	2.8	4.5	4.5	1.6	(6.6)	(1.5)
Net income attributable to owners of the company (million yen)	5,245	25,244	21,967	10,117	(57,952)	(4,715)
Net income attributable to owners of the company/Net revenues attributable to owners of the company (%)	1.1	2.9	2.6	1.1	(6.5)	(0.6)
Comprehensive income / Total comprehensive income (million yen)	5,022	31,976	30,065	3,197	(52,108)	(2,228)
Earnings per share (yen)	48.05	144.26	125.53	52.68	(322.22)	(26.29)
Diluted earnings per share (yen)	—	—	—	—	—	—
ROE (%)	2.0	5.7	4.6	1.6	(10.7)	(0.9)
ROA (%)	5.5	6.3	5.6	1.6	(6.4)	(1.3)
Total assets (million yen)	377,468	883,918	929,304	877,472	952,444	939,603
Net assets / Total equity (million yen)	261,173	627,485	655,038	580,906	506,491	502,093
Net assets (excl. minority interests) to total assets / Ratio of equity attributable to parent owners (%)	69.1	70.9	70.4	66.2	53.1	53.4
Net assets (excl. minority interests) per share / Equity attributable to owners of the parent per share (yen)	2,389.28	3,070.01	3,204.90	3,163.63	2,821.27	2,797.03
Price earnings ratio / Ratio of equity attributable to parent owners (times)	71.7	28.5	32.8	62.4	(8.7)	(61.2)

\*1. Items with "/" will be named "Japanese Standard / IFRS".

\*2. As for the amount, Japanese Standards are rounded down, and IFRS is rounded off. In addition, the ratio is rounded off.

\*3. In the fiscal year ending 31 December 2020, the Healthcare and Skincare business has been classified as a discontinued operation as a result of the decision to sell all shares in Q'sai held by the Company. As a result, revenue, Business Income and operating loss for the previous financial year have been reclassified to the amounts for continuing operations excluding discontinued operations

(2) Officer Change

Following transfer of an officer is decided internally in the Board Meeting held today.

1. New Director Candidates (as of March 25, 2021)

Directors serving on the Audit & Supervisory Committee (Outside Director)

Name	Current
Vamsi Mohan Thati	President, Greater China & Mongolia Operating Unit, The Coca-Cola Company

2. Resigning Directors (as of March 25, 2021)

Director serving on the Audit & Supervisory Committee

Enrique Rapetti (Outside Director)

3. Reference Information (Board structure as of March 25, 2021)

(1) Directors (excluding Directors serving on the Audit & Supervisory Committee)

Representative Director	Calin Dragan
Representative Director	Bjorn Ivar Ulgenes
Director	Hiroshi Yoshioka (Outside Director)
Director	Hiroko Wada (Outside Director)
Director	Hirokazu Yamura (Outside Director)

(2) Directors serving on the Audit & Supervisory Committee

Director	Irial Finan (Outside Director)
Director	Celso Guiotoko (Outside Director)
Director	Nami Hamada (Outside Director)
Director	Vamsi Mohan Thati (Outside Director)

\* The official decision will be made according to the resolutions required during the Ordinary General Meeting of Shareholder for the fiscal year ended December 31, 2020 to be held on March 25, 2021 and subsequent meetings of Board of Directors and Audit & Supervisory Committee to be held on the same day.

End of document