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Consolidated Financial Summary for the Second Quarter Ended June 30, 2021 (IFRS)



August 11, 2021

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

Listed stock exchanges: Tokyo

Code number: 2579

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

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Expected date of quarterly report submission: August 12, 2021

Schedule for dividends payment: September 1, 2021

Preparation of supplementary materials on quarterly financial results: Yes

Holding of quarterly financial results conference: Yes

(Fractions of one million yen are rounded)

1. Consolidated financial results for the second quarter 2021 (from January 1, 2021 to June 30, 2021)

(1) Consolidated financial results

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

	Revenue		Business income		Operating income		Net income		Net income attributable to owners of the parent		Total comprehensive Income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
2 nd quarter, 2021	369,309	(1.4)	(14,799)	—	(18,250)	—	(367)	—	(354)	—	3,136	—
2 nd quarter, 2020	374,598	(13.6)	(7,368)	—	(14,937)	—	(6,462)	—	(6,452)	—	(11,504)	—

	Earnings per share	Diluted earnings per share
	yen	yen
2 nd quarter, 2021	(1.98)	—
2 nd quarter, 2020	(35.97)	—

*1. "Business Income" 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 period 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
	million yen	million yen	million yen	%
Jun. 30, 2021	884,060	500,015	499,875	56.5
Dec. 31, 2020	939,603	502,093	501,643	53.4

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	yen	yen	yen	yen	yen
FY ended December 2020	—	0.00	—	25.00	25.00
FY ending December 2021	—	25.00			
FY ending December 2021 (forecast)			—	25.00	50.00

Note: Revisions to the cash dividends forecasts most recently announced: None

3. Forecast for 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 (loss) 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	—	—	—	—	—	—	—	—	—	—	—

Note: Revisions to the forecasts of consolidated operating results most recently announced: None

The financial forecast for the fiscal year ending December 31, 2021 has not yet been determined because it is difficult to reasonably estimate at this time due to many uncertain factors such as the impact of the spread of the COVID-19 on our business activities. 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 and 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) The number of outstanding shares (including treasury shares):	
2 nd Quarter, June 2021:	206,268,593 shares
FY ended December 2020:	206,268,593 shares
2) The number of treasury shares:	
2 nd Quarter, June 2021:	26,922,679 shares
FY ended December 2020:	26,920,298 shares
3) The number of average shares outstanding:	
2 nd Quarter, June 2021:	179,347,011 shares
2 nd Quarter, June 2020:	179,350,582 shares

※ 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 at the time of issuance of this report, and the actual results may be changed due to a number of inherent uncertainties in the forecast. Actual results may differ materially from the forecast. Furthermore, please refer to “1. Qualitative Information on the Financial Summary for this Quarter (3) Information on the Future Outlook, such as Forecast of Consolidated Financial Results” on page 5 for matters relating to performance forecasts.

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1. Qualitative Financial Summary for year-to-date second quarter 2021

(1) Qualitative Information on year-to-date second quarter Consolidated Financial Results

Coca-Cola Bottlers Japan Holdings Inc. (“CCBJH” or the “Company”, or “we”) announced second-quarter results for the fiscal year ending on December 31, 2021 (January 1, 2021 to June 30, 2021)

As the effect of the coronavirus (COVID-19) continues, the continuing supply of our goods and services which are essential for our customers and consumers, and the safety and health of our employees and communities are our top priorities. Our mission is to deliver happy moments to everyone, and we have been working with comprehensive business continuity actions in place to ensure safe and secure product supply. In addition to implementing comprehensive infection prevention measures in our commercial activities, we also implemented more flexible work style initiatives, such as working from home and adoption of online meetings. In our efforts to ensure the safety of our employees and their families, we have implemented workplace vaccinations in order to create an environment in which employees and their families can easily access vaccinations. We are granting special paid leave to employees experiencing side effects from the vaccinations as well, depending on their working conditions.

In the year-to-date second-quarter period (January 1, 2021 to June 30, 2021), while the industry cycle last year's COVID-19 impact from April in the previous fiscal year, the impact of the additional state of emergency declaration and other factors have resulted in the total domestic nonalcoholic ready-to-drink (NARTD) beverage industry volume growth was soft and only increased slightly compared to the previous fiscal year. Although the impact on consumer traffic at retail stores, restaurants and vending machines continued, there was some recovery in demand in the second quarter at vending machines and restaurants, which were significantly affected in the same period of the previous year (April 1, 2021 to June 30, 2021).

Under these circumstances, we have been working on measures to minimize the impact on sales by rolling out new products and responding to changing trends in each channel. Under the guiding principle that “business as usual is not an option”, announced as part of our mid-term strategic business plan announced in August 2019, we continue to drive fundamental business transformation initiatives. Key initiatives include further evolving our vending channel operation model, relocation of product inventories, and the consolidation of distribution bases centered around the Saitama Mega DC in order to optimize the distribution network in the Kanto area, leading to the streamlining of the supply chain structure to achieve low-cost operations; and the promotion of new work styles. Although the current business environment remains challenging, we are focusing on areas that we can control, and we are taking steps to respond to changes in the business environment over the medium-to-long term by implementing key initiatives of transformation based on our medium-term plan ahead of schedule, while seeking new opportunities for growth and efficiency.

As disclosed in the December 15, 2020, “Notice of Selling of Shares of Q'sai Co., Ltd. and Gain on The Sale of Shares as well as Revision of Earnings Forecast”, the share transfer of Q'sai Co., Ltd. (“Q'sai”) was completed on February 1, 2021. We have revised our business segment reporting to reflect only the results of continuing operations, the beverage business, after the sale of the health and skincare segment and relevant sections of prior year financial statements and notes have been reclassified.

Details for the year-to-date second-quarter period are as follows.

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 Thursday, August 12 at 11:00 am (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.

Highlights for the First Half

- Market uncertainty continued. Despite the cycling impact of COVID-19, recovery of consumer traffic remains challenged driven by the increase in COVID-19 cases leading to additional state of emergency declarations.
- Sales volume increased 15% YoY in the second quarter and 3% in the first half driven by new products and channel-specific initiatives tailored to the changing environment. Volume recovery lead to sales revenue increase of 11% in second quarter. We continue to grow vending market share, with 27 consecutive months of value share growth. Although the OTC value share was negative overall, supermarkets, drugstores & discounters gained share, while CVS channel continues to be an area of improvement. We will continue to focus on market share growth and aim to “win in the market” and “winning where the growth is”.
- First half business income loss of 14,799 million yen. Revenue recovered in the second quarter, however the deteriorating pricing, package mix and cycling impact of the large one-time cost savings conducted in the same period of the previous year have had an impact. This year, we will invest in marketing and human capital at an appropriate level, which we restrained in the previous year.

- Transformation is progressing as planned and achieved about 6 billion yen of recurring cost saving in the first half of the year. As the environment remains to be uncertain, we will continue to focus on what we can control and drive our transformation to create a solid foundation for future growth. For this year the transformation in vending and supply chain has contributed
- We continued to focus on ESG initiatives, and started the use of 100% recycled PET resin for our Brand Coca-Cola and other small PET bottles in May. With this initiative, we were able to reduce the CO2 per bottle by about 60%, as the Coca-Cola Japan system as a whole, reducing our footprint by about 35,000 tons of CO2 per year.

Summary of Consolidated Financial Results

(Millions of yen)

Year-to-date Q2 (January to June)

	2020	2021	Change
Continuing Operation (Beverage Business)			
Revenue	374,598	369,309	(1.4%)
Sales volume of beverage business (million cases)	212	217	3%
Gross Profit	169,544	163,269	(3.7%)
Selling, General & Administrative Expenses	176,016	177,295	0.7%
Other income (Recurring)	373	415	11.4%
Other expenses (Recurring)	1,039	1,055	1.6%
Investment loss on equity method	(230)	(133)	—
Business Loss	(7,368)	(14,799)	—
Other income (Non-recurring)	0	4,601	—
Other expenses (Non-recurring)	7,569	8,053	6.4%
Operating Loss	(14,937)	(18,250)	—
Net Loss Attributable to Owners of Parent	(6,452)	(354)	—

(Millions of yen)

Q2 (April to June)

	2020	2021	Change
Revenue	181,569	200,909	10.7%
Sales volume of beverage business (million cases)	104	120	15%
Gross Profit	80,655	89,108	10.5%
Selling, General & Administrative Expenses	80,353	91,869	14.3%
Other income (Recurring)	151	216	42.7%
Other expenses (Recurring)	571	664	16.3%
Investment (income) loss on equity method	(170)	6	—
Business Loss	(287)	(3,202)	—
Other income (Non-recurring)	—	3,611	—
Other expenses (Non-recurring)	6,221	3,516	(43.5%)
Operating Loss	(6,508)	(3,107)	—
Net Loss Attributable to Owners of Parent	(761)	(1,670)	—

Note: 1. "Business Loss" is a measure of our underlying or recurring business performance. Business Income (loss) deducts cost of goods and selling, general and administrative expenses from revenue, and includes other income and expenses which we believe are recurring in nature.

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

Consolidated net revenue for year-to-date second-quarter 2021 declined to 369,309 million yen (1.4% decrease to 5,289 million yen from the prior-year period). Net revenue decreased in spite of a 3% increase in sales volume due to cycling of COVID-19 impact in the same period in the prior year, and the adverse package and pricing mix affected by changes in the environment, including increase in demand of at home consumption due to consumers refraining from going out and working at home.

Consolidated business loss was 14,799 million yen (7,368 million yen loss in the same period of prior year). Transformation initiatives to achieve cost savings were not able to absorb the revenue decline driven by deteriorating price and package mix. Among the costs that were controlled in the previous year, investments in marketing and human capital that will contribute to medium- to long-term growth were implemented at appropriate levels.

Consolidated operating loss was 18,250 million yen (14,937 million yen loss in the same period of previous year). Other income (non-recurring) includes 3,876 million yen in government subsidies for employment adjustment to offset temporary leave expense. Other expenses (non-recurring) include 5,636 million yen in temporary leave expenses and 623 million yen in transformation-related expenses related to the implementation of transformation based on the medium-term plan, and 1,177 million yen in special retirement allowances due to voluntary employee retirement program.

Net income attributable to owners of parent for the quarter, a total of continuing operations and discontinued operation, was a loss of 354 million yen (6,452 million yen loss in the prior year period) as a gain of 12,841 million yen was recorded in discontinued operations as gains from stock sales due to the transfer of shares in Q'sai.

Beverage Volume Performance

First half 2021, increased by 3% due to introduction of new products, capturing at-home demand, and strengthening activities in the growing online channel. In the second quarter, sales volume increased by 15% due to the cycling impact of COVID-19 and a rebound from the initial impact in the same period of the previous year.

In terms of channel performance, vending in the second quarter, with the state of emergency declaration being lifted in April the consumer traffic recovered and volume increased by 18%, and increase of 2% for the first half. There was recovery in sales per vending machine especially in outdoor locations. While the challenging operating environment continues, we continue to grow our market share in vending, with 27 consecutive months of value share growth. Supermarket, drugstore & discounters increased by 7% and 9% respectively, for the first half, reflecting our efforts to “win where the growth is” by responding to changes in the frequency of customer visits and consumption patterns, such as rising at-home consumption and bulk purchases. CVS in the second quarter, due to intensified competitor promotion activities, led to intensified competition and resulted in slower volume recovery, resulting in a 3% decrease for the first half. In retail and food channels, sales decreased by 12% for the first half, due to reduced customer traffic at restaurants and other commercial venues especially during the first quarter. While online sales are still relatively small, sales are growing significantly, with 60% growth driven by expansion of label-less products in-line with changes in customers' consumption and consciousness.

In terms of beverage category performance, while the challenging operating environment continues, all major categories recorded growth. Sparkling beverages increased 7% in the second quarter and was flat in the first half, with the contribution from the new Fanta Premiere Orange and growth in supermarket and online. With the contribution from new Yakan Barley Tea from Hajime, and Ayataka Café Matcha Latte, Non-sugar tea (NST) volume increased 17% for the second quarter and 4% for the first half. Coffee volume decreased 2% for the first half with weak can coffee sales, but second quarter grew 7% with new products such as COSTA COFFE leading to a growth in PET coffee growth in all channels. Sports category volume increased 12% due to the cycling of last year's impact of severe restrictions on sporting events. Water volume increased 29%, due to growth in large PETs, mainly in supermarkets, drugstores & discounters and online, as a result of increased home consumption, as well as contributions from new ICY SPARK and small PET Irohas.

The ready-to-drink alcohol, with the contribution from Lemon-dou Homerun size and newly launched Nomel's Hard Lemonade, increased 1% for the first half, and 13% for the second quarter. We continue to expand our manufacturing capacity for alcoholic beverages through a new alcohol production line at the Komatsu Plant in May.

(2) Analysis of Financial Position

Assets at the end of the quarter were 884,060 million yen, a decrease of 55,543 million yen from the end of the prior fiscal year-end period. This is mainly due the sales of the Q'sai shares on February 1, 2021, resulting in a decrease in Assets held for sale and decrease of Cash and cash equivalents with the repayment of short term loans. Other key drivers include Inventories increasing ahead of the peak season and a decrease in Property, plant and equipment from consolidation of sales/distribution locations.

Liabilities at the end of the quarter were 384,045 million yen, a decrease of 53,466 million yen from the end of the prior year period. This is mainly due to the sales of the Q'sai shares, decreasing the Liabilities directly associated with assets held for sale.

Net Assets at the end of this quarter were 500,015 million yen, a decrease of 2,078 million yen from the end of the prior year period. This reflects a decrease in Retained earnings as a result of dividend payments.

<Cash Flows from Operations>

Net cash generated for operating activities was 10,606 million yen (11,274 million net cash generated from operations in the previous year period). This results mainly from the 18,475 million yen net loss before tax from continuing operation, depreciation, increase in trade and other payables and refund on taxes, etc., offset by increase in inventory and payment of income taxes, etc.

<Cash Flows from Investment Activities>

Net cash generated for investment activities was 21,119 million yen (47,697 million yen outflow the previous year period), as cash used for acquisition of fixed assets was controlled, accounting for the current operating environment and by cash-in from proceeds from sales of Q'sai share resulted in proceeds from sales of shares of subsidiaries.

<Cash Flows from Financing Activities>

Net cash used for financing activities was 58,563 million yen (41,203 million yen net cash generated from for financing activities in the previous year period), driven by decrease of short-term loans, cash spent for payment of year-end dividends and repayments of lease liabilities.

As a result of these activities, cash and cash equivalents at the end of the fiscal year was 99,540 million yen, a decrease of 26,838 million yen from the end of the prior fiscal year-end period.

(3) Qualitative Information on the Future Outlook, such as Forecast of Consolidated Financial Results

The consolidated business forecast for the fiscal year ending December 31, 2021 has not yet been provided because it is difficult to estimate at this time. Uncertainty continues with the resurgence of COVID-19 and measures such as the fourth state of emergency declaration, and the impact on the market. We will provide a guidance accounting for these factors when the condition becomes clearer.

2. Condensed Quarterly Consolidated Financial Statements and Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

	As of December 31, 2020	(Millions of yen) As of June 30, 2021
Assets		
Current assets:		
Cash and cash equivalents	114,778	99,540
Trade and other receivables	96,009	96,579
Inventories	68,180	77,499
Other financial assets	702	1,502
Other current assets	17,195	16,783
Subtotal	296,865	291,904
Assets of disposal groups classified as held for sale	48,138	—
Total current assets	345,003	291,904
Non-current assets:		
Property, plant and equipment	460,502	452,892
Right-of-use assets	29,810	27,639
Intangible assets	66,193	66,236
Investments accounted for using the equity method	287	311
Other financial assets	25,640	23,851
Deferred tax assets	4,986	11,012
Other non-current assets	7,183	10,215
Total non-current assets	594,601	592,156
Total assets	939,603	884,060

	As of December 31, 2020	(Millions of yen) As of June 30, 2021
Liabilities and equity		
Liabilities		
Current liabilities:		
Trade and other payables	102,480	114,472
Bonds and debts	51,072	31,002
Lease liabilities	5,547	6,087
Other financial liabilities	408	—
Income taxes payable	3,238	1,995
Provisions	9	16
Other current liabilities	15,923	11,477
Subtotal	178,676	165,049
Liabilities directly associated with assets held for sale	7,193	—
Total current liabilities	185,869	165,049
Non-current liabilities:		
Bonds and debts	187,514	157,082
Lease liabilities	25,858	23,188
Other non-current financial liabilities	605	—
Net defined benefit liabilities	14,876	16,144
Provisions	2,119	2,121
Deferred tax liabilities	17,296	17,496
Other non-current liabilities	3,375	2,963
Total non-current liabilities	251,641	218,995
Total liabilities	437,510	384,045
Equity:		
Capital stock	15,232	15,232
Capital surplus	450,605	450,793
Retained earnings	120,473	115,545
Treasury shares	(85,654)	(85,659)
Accumulated other comprehensive income (loss)	1,095	3,964
Accumulated other comprehensive income of disposal groups classified as held for sale	(107)	—
Equity attributable to owners of parent	501,643	499,875
Non-controlling interests	450	140
Total equity	502,093	500,015
Total liabilities and equity	939,603	884,060

(2) Condensed Quarterly Consolidated Statements of Income and Comprehensive Income
(Consolidated Quarterly Statements of Income)

First Six months period of a fiscal year

	Six months ended June 30, 2020	(Millions of yen) Six months ended June 30, 2021
Continuing operations		
Revenue	374,598	369,309
Cost of sales	205,054	206,040
Gross profit	169,544	163,269
Selling and general administrative expenses	176,016	177,295
Other income	373	5,017
Other expenses	8,608	9,108
Investment loss on equity method	(230)	(133)
Operating loss	(14,937)	(18,250)
Financial revenue	405	272
Finance costs	535	497
Loss for the period before income taxes	(15,067)	(18,475)
Income tax expense	(7,411)	(5,603)
Net loss for the period from continuing operations	(7,656)	(12,872)
Discontinued operations		
Net income for the period from discontinuing operations	1,194	12,505
Net loss for the period	(6,462)	(367)
Net loss for the period attributable to		
Owners of parent		
Loss from continuing operations attributable to owners of parent	(7,643)	(12,859)
Profit from discontinuing operations attributable to owners of parent	1,191	12,505
Non-controlling interests	(10)	(13)
Earnings (loss) per share (yen)		
Continuing operations	(42.61)	(71.70)
Discontinued operations	6.64	69.72
Loss per share	(35.97)	(1.98)

(Condensed Quarterly Consolidated Statements of Comprehensive Income)

First Six months period of a fiscal year

	Six months ended June 30, 2020	(Millions of yen) Six months ended June 30, 2021
Net loss for the period	(6,462)	(367)
Other comprehensive income (loss):		
Items that will not be reclassified subsequently to income or loss:		
Share of other comprehensive income of investments accounted for using equity method	—	(12)
Net change in financial assets measured at fair value through other comprehensive Income (loss)	(3,377)	1,428
Subtotal	(3,377)	1,416
Items that may be reclassified subsequently to Income (loss):		
Cash flow hedges	(1,665)	2,087
Subtotal	(1,665)	2,087
Total other comprehensive income (loss) for the period	(5,042)	3,503
Total comprehensive income (loss) for the period	(11,504)	3,136
Comprehensive Income (loss) attributable to:		
Owners of parent	(11,494)	3,149
Non-controlling interests	(10)	(13)

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Six months ended June 30, 2020

(Millions of yen)

	Equity attributable to owners of the parent company						Non-controlling interests	Total
	Capital stock	Capital surplus	Retained earnings	Treasury Shares	Accumulated other comprehensive income	Total		
Balance as of January 1, 2020	15,232	450,526	121,372	(85,649)	4,517	505,999	492	506,491
Comprehensive Income (loss) for the period								
Net loss for the period	—	—	(6,452)	—	—	(6,452)	(10)	(6,462)
Other comprehensive loss	—	—	—	—	(5,042)	(5,042)	—	(5,042)
Total comprehensive loss for the period	—	—	(6,452)	—	(5,042)	(11,494)	(10)	(11,504)
Transactions with owners.								
Dividends of surplus	—	—	(4,484)	—	—	(4,484)	(28)	(4,512)
Purchase of treasury stock	—	—	—	(4)	—	(4)	—	(4)
Disposal of treasury stock	—	(1)	—	2	—	1	—	1
Transactions of share-based payment	—	163	—	—	—	163	—	163
Reclassification from accumulated other comprehensive income (loss) to retained earnings	—	—	221	—	(221)	—	—	—
Reclassification from accumulated other comprehensive income to non-financial assets	—	—	—	—	534	534	—	534
Total transactions with owners.	—	163	(4,263)	(3)	313	(3,790)	(28)	(3,818)
Balance as of June 30, 2020	15,232	450,689	110,658	(85,652)	(212)	490,715	454	491,170

Six months ended June 30, 2021

(Millions of yen)

Equity attributable to owners of the parent company									
	Capital stock	Capital surplus	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, 2021	15,232	450,605	120,473	(85,654)	1,095	(107)	501,643	450	502,093
Comprehensive Income for the period									
Net income (loss) for the period	—	—	(354)	—	—	—	(354)	(13)	(367)
Other comprehensive Income (loss)	—	—	—	—	3,503	—	3,503	—	3,503
Total comprehensive income (loss) for the period	—	—	(354)	—	3,503	—	3,149	(13)	3,136
Transactions with owners									
Dividends of surplus	—	—	(4,484)	—	—	—	(4,484)	—	(4,484)
Purchase of treasury stock	—	—	—	(4)	—	—	(4)	—	(4)
Disposal of treasury stock	—	(0)	—	0	—	—	0	—	0
Transactions of share-based payment	—	188	—	—	—	—	188	—	188
Reclassification from accumulated other comprehensive income (loss) to retained earnings	—	—	17	—	(17)	—	—	—	—
Reclassification from accumulated other comprehensive income to non-financial assets	—	—	—	—	(616)	—	(616)	—	(616)
Changes from loss of control	—	—	(107)	—	—	107	—	(297)	(297)
Total transactions with owners	—	188	(4,574)	(4)	(634)	107	(4,917)	(297)	(5,214)
Balance as of June 30, 2021	15,232	450,793	115,545	(85,659)	3,964	—	499,875	140	500,015

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from operating activities		
Loss for the period before income tax from continuing operations	(15,067)	(18,475)
Income for the period before income tax from discontinuing operations	1,821	12,841
Adjustments for:		
Depreciation and amortization	29,387	28,892
Impairment loss	85	—
Gain on sales of subsidiaries' stock	—	(12,841)
Gain on sales of stocks of subsidiaries and affiliates	—	(708)
Change in allowance for doubtful accounts	(67)	680
Interest and dividends income	(288)	(165)
Interest expenses	540	473
Investment loss on equity method	230	133
Gain on sale of property, plant and equipment	(4)	(21)
Loss on disposal and sale of property, plant and equipment	760	687
(Increase) decrease in trade and other receivables	5,524	(1,201)
Increase in inventories	(3,912)	(9,318)
Increase in other assets	(9,821)	(871)
Increase in trade and other payables	2,899	18,334
Increase in net defined benefit liabilities	1,525	1,257
Decrease in other liabilities	(5,404)	(3,811)
Others	202	107
Subtotal	8,413	15,992
Interest received	0	1
Dividends received	287	163
Interest paid	(471)	(456)
Income taxes paid	(4,651)	(8,047)
Income taxes refund	7,696	2,952
Net cash (used in) provided by operating activities	11,274	10,606
Cash flows from investing activities		
Acquisitions of property, plant and equipment and intangible assets	(48,261)	(25,698)
Proceeds from sales of property, plant and equipment and intangible assets	97	272
Proceeds from collection of loans receivable resulting from sales of stock in subsidiaries	—	7,400
Purchases of other financial assets	(26)	(26)
Proceeds from sale of other financial assets	542	4,473
Proceeds from sale of stock of subsidiaries	—	34,490
Other	(48)	208
Net cash used in investing activities	(47,697)	21,119

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from financing activities		
Increase in short-term loans payable	50,000	(50,000)
Repayments of long-term loans payable	(724)	(550)
Dividends paid	(4,484)	(4,484)
Dividends paid to non-controlling interests	(28)	—
Proceeds from disposal of treasury stock	1	0
Purchases of treasury stock	(4)	(4)
Repayments of lease liabilities	(3,558)	(3,525)
Net cash provided by financing activities	41,203	(58,563)
Net change in cash and cash equivalents	4,780	(26,838)
Cash and cash equivalents at the beginning of the year	113,825	126,378
Cash and cash equivalents at the end of the period	118,605	99,540

(4) Notes to Condensed Consolidated Financial Statements

(Notes Relating to Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

Not applicable.

(Segment Information)

From the current fiscal year, the Group has changed to a single segment of "Beverages". As the Group operates a single segment of beverage business, explanation by reportable segment is omitted. 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 Co., Ltd on December 15, 2020. The transfer of all shares in Q'sai was completed on February 1, 2021.