

This flash report is unaudited and the translation of the Japanese language version.



Consolidated Financial Summary for the Third Quarter Ended September 30, 2022 (IFRS)



November 10, 2022

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 Controllers Senior Group Division, Finance, Name: Ishikawa Tatsuhiro Phone: +81-800-919-0509

Expected date of quarterly report submission: November 11, 2022

Schedule for dividends payment: —

Preparation of supplementary materials on quarterly financial results: Yes

Holding of quarterly financial results conference: Yes

(Fractions of one million yen are rounded off)

1. Consolidated financial results for the third quarter 2022 (from January 1, 2022 to September 30, 2022)

(1) Consolidated financial results (year-to-date)

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

	Revenue		Business income (loss)		Operating income (loss)		Net income (loss)		Net income (loss) attributable to owners of the parent		Total comprehensive income (loss)	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
3 rd Quarter, 2022	612,321	3.9	(11,196)	—	(7,053)	—	(5,191)	—	(5,194)	—	(3,147)	—
3 rd Quarter, 2021	589,531	(1.5)	(14,023)	—	(19,978)	—	(1,552)	—	(1,535)	—	2,428	—

	Earnings (Loss) per share	Diluted earnings per share
	yen	yen
3 rd Quarter, 2022	(28.96)	—
3 rd Quarter, 2021	(8.56)	—

- *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 which we believe are recurring in nature are added and subtracted accordingly.
 2. Net income and Net income attributable to owners of parent for third quarter 2021 results is a total of continuing operation and discontinued operation results.

(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	%
Sep. 30, 2022	831,736	478,694	478,559	57.5
Dec. 31, 2021	867,111	492,451	492,320	56.8

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year	Total
	yen	yen	yen	yen	yen
FY ended December 2021	—	25.00	—	25.00	50.00
FY ending December 2022	—	25.00	—		
FY ending December 2022 (forecast)				25.00	50.00

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

3. Forecast for consolidated financial results 2022 (With January 1, 2022 to December 31, 2022)

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

	Revenue		Business income (loss)		Operating income (loss)		Net income (loss)		Net income (loss) attributable to owners of the parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year of 2022	819,700	4.3	(14,600)	—	(11,100)	—	(7,900)	—	(7,900)	—	(44.05)

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

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 the accounting policies in 1) above: None
 - 3) Changes in accounting estimates: Yes

* For details, please refer to "2. Condensed Consolidated Financial Statements and Notes (4) Notes to Condensed Consolidated Financial Statements (Changes in Accounting Estimates)" on page 12 of the attached materials.

- (3) Number of outstanding shares (common shares)
- 1) The number of outstanding shares (including treasury shares):
 - 3rd Quarter, September 2022: 206,268,593 shares
 - FY Ended December 2021: 206,268,593 shares
 - 2) The number of treasury shares:
 - 3rd Quarter, September 2022: 26,927,411 shares
 - FY Ended December 2021: 26,924,631 shares
 - 3) The number of average shares outstanding:
 - 3rd Quarter, September 2022: 179,342,725 shares
 - 3rd Quarter, September 2021: 179,346,486 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

The 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 materially due to a number of inherent uncertainties in the forecast. Furthermore, please refer to "1. Qualitative Information on the Financial Summary for this Quarter (3) Qualitative Information on the Future Outlook, such as Forecast of Consolidated Financial Results" on page 5 for matters relating to performance forecasts.

Table of Contents

1. Qualitative Information on the Financial Summary for this Quarter	2
(1) Qualitative Information on Consolidated Financial Results.....	2
(2) Qualitative Information on Consolidated Financial Position	5
(3) Qualitative Information on the Future Outlook, such as Forecast of Consolidated Financial Results	5
2. Condensed Consolidated Financial Statements and Notes	6
(1) Condensed Consolidated Statement of Financial Position	6
(2) Condensed Consolidated Statements of Income and Comprehensive Income.....	8
(3) Condensed Consolidated Statements of Changes in Equity	10
(4) Notes to Condensed Consolidated Financial Statements	12
(Notes Relating to Going Concern Assumption)	12
(Changes in Accounting Estimates)	12
(Segment Information)	12

1. Qualitative Information on the Financial Summary for this Quarter

(1) Qualitative Information on Consolidated Financial Results

Coca-Cola Bottlers Japan Holdings Inc. (“CCBJH,” the “Company,” or “we”) announced third quarter results for the fiscal year ending December 31, 2022 (January 1, 2022, to September 30, 2022).

In this year-to-date third quarter period (January 1, 2022 to September 30, 2022), the total domestic nonalcoholic ready-to-drink (NARTD) beverage industry volume is estimated to have grown by 5% to the same period of the previous fiscal year. This was due to continued recovery in the number of people returning to the streets of Japan since the lifting of restrictions on activities due to COVID and the heat wave contributing to volume growth. On the other hand, the business environment remained uncertain and challenging as the severe competitive environment continued and rising commodity prices as well as the rapid acceleration of the yen's depreciation impacted businesses and consumer behavior.

Under these circumstances, we have positioned 2022 as the "year of building a foundation for sustainable growth" and have been working to build a foundation for steady and sustainable growth and to promote further transformation. In commercial activities, we worked to grow sales volume and sales revenue by introducing new products, responding to diversifying consumer needs, and executing effective campaigns to capture opportunities for the recovery in traffic. In addition, as part of our profitability focused pricing strategy, we implemented price revisions for large PET in May and engaged in negotiations with customers on price revisions for small packages to be implemented from October 1. In manufacturing and supply chain fields, while faced with rising commodity prices, we have been building a supply chain that can flexibly respond to sudden changes in demand by revamping our Sales and Operations Planning process and leveraging our Saitama and Akashi Mega Distribution Centers, two of the largest automated distribution centers in Japan by storage and shipping capacities. Despite the sharp increases in demand with the recovery in traffic and the heat wave, these efforts have resulted in a stable supply of our products.

We are realizing ESG targets that are based on creating shared value with society. In the third quarter, we were awarded a Silver rating by the globally recognized EcoVadis sustainability survey for the second consecutive year. Moreover, aiming for greater sustainable materials used in PET bottles to realize a World Without Waste, we have been working on the design aspects of product packaging, and establishing a solid bottle collection and recycling scheme in collaboration with local governments and partner companies. In other areas, we are conserving water sources, donating our products to food banks and placing vending machines to support local communities.

Details for the year-to-date third quarter earnings are as follows. Please also refer to our earnings presentation material posted on the Company IR website (<https://en.ccbj-holdings.com/ir/library/presentation.php>) to be used in our earnings conference call on Friday, November 11, 2022 at 1:30 PM (JST). These will include details of the results and full-year outlook. The earnings presentation audio will be available live and on demand as an audio webcast on our company website.

Summary of Consolidated Financial Results

(Millions of yen, excluding sales volume)

Year-to-date Q3 (January 1 to September 30)

	2021	2022	Change (%)
Revenue	589,531	612,321	3.9
Sales volume (million cases)	351	367	5
Gross Profit	260,823	267,317	2.5
Selling, General & Administrative Expenses	273,868	278,322	1.6
Other income (Recurring)	650	694	6.7
Other expenses (Recurring)	1,507	942	(37.5)
Investment income (loss) on equity method	(121)	57	—
Business Income (Loss)	(14,023)	(11,196)	—
Other income (Non-recurring)	5,584	7,438	33.2
Other expenses (Non-recurring)	11,539	3,295	(71.4)
Operating Income (Loss)	(19,978)	(7,053)	—
Net Income (Loss) Attributable to Owners of the Parent	(1,535)	(5,194)	—

(Millions of yen, excluding sales volume)

(For reference) Q3 (July 1 to September 30)

	2021	2022	Change (%)
Revenue	220,222	236,373	7.3
Sales volume (million cases)	134	143	7
Gross Profit	97,554	104,179	6.8
Selling, General & Administrative Expenses	96,574	97,047	0.5
Other income (Recurring)	235	173	(26.4)
Other expenses (Recurring)	452	276	(38.9)
Investment income on equity method	12	(4)	—
Business Income	776	7,025	805.6
Other income (Non-recurring)	982	780	(20.6)
Other expenses (Non-recurring)	3,486	426	(87.8)
Operating Income (Loss)	(1,728)	7,379	—
Net Income (Loss) Attributable to Owners of the Parent	(1,181)	4,705	—

Note: 1. "Business Income (Loss)" is a measure of our underlying or recurring business performance. Business Income (loss) deducts cost of sales and selling, general and administrative expenses from revenue, and includes other income and expenses which we believe are recurring in nature.
2. Net Income (Loss) Attributable to Owners of Parent in 2021 is a total of continuing operation and discontinued operation results.

Consolidated net revenue was 612,321 million yen (3.9% increase of 22,790 million yen from the same in the period prior year). Although the negative impact on sales volume immediately after the price revisions of large PET in May was significant, sales volume increased by 5% versus the same period of the previous year. This was due to the introduction of new products and channel-specific efforts to meet diversifying consumer needs, which were supported by a recovery in traffic and increased demand due to the heat wave. Volume growth in the profitable immediate consumption channels and an improving trend in wholesale revenue per case through price revisions, channel-specific efforts to improve profitability contributed to the increase in revenue. In the third quarter (July 1, 2022 to September 30, 2022), revenue growth outpaced volume growth.

Consolidated business loss was 11,196 million yen (14,023 million yen loss in prior year period). Despite higher commodity prices and the yen depreciation, and the cycling of temporary cost savings implemented in the same period of the previous year, business income increased (loss decreased). This was achieved through volume growth, improved package mix, profit contribution from improving wholesale revenue per case since the second quarter, and cost savings through improved manufacturing, logistics efficiency, and transformation.

Consolidated operating loss was 7,053 million yen (19,978 million yen loss in prior year period). Addition to business income increasing versus the same period of the previous year, operating income increased versus the same period of the previous year due to gains on sales of fixed assets and a decrease in the temporary paid leave expenses. Other income (non-recurring) for the year-to-date third quarter includes, gain on sales of fixed assets of 4,060 million yen and 3,329 million yen in government subsidies for employment adjustment. Other expenses (non-recurring) include 2,168 million yen in temporary paid leave expenses and 517 million yen in special retirement allowances related to the voluntary employee retirement programs.

Net income attributable to owners of the parent for the year-to-date third quarter was a loss of 5,194 million yen (1,535 million yen loss in prior year period). This was due to a gain on transfer of shares of subsidiary Q'sai Co., Ltd. in the same period of the previous year, being recorded in discontinued operations.

Sales volume trends (% change from same period of previous year)

Year-to-date third quarter period sales volume increased by 5%. The third quarter period sales volume increased by 7%, despite the continued negative volume impact from the large PET price revisions, demand increased with the continued recovery trends in consumer traffic and the heat wave. By channel, supermarkets, drugstores and discounters were impacted by the decline in large PET volume due to price revisions and from the severe competition, despite the small PET showing growth trends with the execution of campaigns to capture traffic recovery and effective introduction of new products. As a result, sales volume at supermarkets declined by 4% for the year-to-date third quarter, while sales volume at drugstores and discounters increased by 2%, partly due to an easing trend in the impact of volume declines of large PET. Vending continued to grow steadily, leveraging the market share base built to date, capturing the traffic recovery and demand from favorable weather. Strengthened product lineups, stepped-up vending machine placement activities, and campaigns through the Coke ON smartphone app, which has reached 40 million downloads, contributed to an 8% increase in volume in the third quarter and a 5% increase for the year-to-date period. Especially, the volume of vending machines located indoors, such as offices, schools, and leisure facilities, has been at the heart of volume recovery. In addition, wholesale revenue per case improved from the same period of the previous year with the appropriate pricing strategies. In CVS, volume increased by 2%, despite being impacted by the challenging competitive environment, mainly through campaigns and activities in collaboration with customers. In retail & food, volume increased by 25% with the recovery in customer traffic returning to dine at restaurants. In online, volume grew by 33%, supported by growth in all categories, achieved even during the period of traffic recovery by capturing demand for at-home consumption with the high convenience it offers. Offerings of label-less products, tie-up promotions with major online customers, and the acquisition of subscription type consumers also supported growth.

By beverage category performance, sparkling sales volume grew by 2%, despite the negative volume impact from the large PET price revisions, contributions from volume growth at vending and restaurants with traffic recovery, and new products such as Fanta Premier Lemon contributed. Sales volume of tea products increased by 1%, while there were contributions from Yakan no Mugicha from Hajime which continues to enjoy steady sales growth since its launch in the previous year and new product such as Ayataka Cafe Hojicha Latte, large PET declined due to the impact of price revisions. Coffee sales volume increased by 4%, supported by strengthening of the Costa Coffee lineup and new products such as Georgia Black. Sports grew by 10%, both small and large PETs grew with restrictions being lifted on events and other activities, also benefiting from the heat wave. Water sales volume grew by 10% with the increase in small PET mainly in immediate consumption channels as traffic recovered and with the heat wave, as well as an increase in large PET by capturing at-home consumption demand.

In the alcohol category, sales volume decreased by 17%. Despite the contributions from new products such as Lemon-dou Uchiwari Lemon, offerings of 350ml can multi-packs, and renewals for the Lemon-dou brand, the cycling impact of new products launches in the previous year and of the at home-drinking demand that grew with the COVID-19 had an impact. The non-alcoholic beverage Yowanai Lemon-dou, launched this year continued to do well.

(2) Qualitative Information on Consolidated Financial Position

Assets at the end of the quarter were 831,736 million yen, a decrease of 35,375 million yen from the end of the prior year period. This is mainly due to a decrease in "Cash and cash equivalents" upon the redemption of bonds, alongside an increase in "Inventories".

Liabilities at the end of the quarter were 353,042 million yen, a decrease of 21,618 million yen from the end of the prior year period. This is mainly due to a decrease in "Bonds and debts" under current liabilities upon the redemption of bonds, alongside an increase in "Trade and other payables".

Equity at the end of the quarter was 478,694 million yen, a decrease of 13,758 million yen from the end of the prior year period. This is mainly due to a decrease in "Retained earnings" as a result of dividend payments.

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

As Forecast of Consolidated Financial Results, the Company has no change with the full-year forecast for the fiscal year ending December 31, 2022, which was announced on May 12, 2022.

2. Condensed Consolidated Financial Statements and Notes

(1) Condensed Consolidated Statement of Financial Position

	As of December 31, 2021	(Millions of yen) As of September 30, 2022
Assets		
Current assets:		
Cash and cash equivalents	110,497	79,991
Trade and other receivables	105,320	103,825
Inventories	67,583	73,481
Other financial assets	1,320	1,641
Other current assets	16,275	15,824
Total current assets	300,995	274,762
Non-current assets:		
Property, plant and Equipment	434,994	427,177
Right-of-use assets	25,144	21,055
Intangible assets	66,219	65,826
Investments accounted for using the equity method	281	333
Other financial assets	19,511	19,210
Deferred tax assets	13,960	18,226
Other non-current assets	6,006	5,147
Total non-current assets	566,116	556,973
Total assets	867,111	831,736

	As of December 31, 2021	(Millions of yen) As of September 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities:		
Trade and other payables	103,260	110,794
Bonds and debts	30,990	1,000
Lease liabilities	4,050	4,861
Other financial liabilities	—	658
Income taxes payable	1,139	203
Provisions	9	—
Other current liabilities	16,085	20,405
Total current liabilities	<u>155,535</u>	<u>137,921</u>
Non-current liabilities:		
Bonds and debts	156,622	155,681
Lease liabilities	22,462	17,693
Net defined benefit liabilities	17,605	19,495
Provisions	2,137	1,679
Deferred tax liabilities	17,379	17,532
Other non-current liabilities	2,920	3,041
Total non-current liabilities	<u>219,125</u>	<u>215,121</u>
Total liabilities	<u>374,660</u>	<u>353,042</u>
Equity:		
Capital stock	15,232	15,232
Capital surplus	450,832	451,203
Retained earnings	109,273	95,107
Treasury shares	(85,661)	(85,665)
Accumulated other comprehensive income (loss)	2,644	2,683
Equity attributable to owners of parent	<u>492,320</u>	<u>478,559</u>
Non-controlling interests	131	134
Total equity	<u>492,451</u>	<u>478,694</u>
Total liabilities and equity	<u>867,111</u>	<u>831,736</u>

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

The Nine-months ended September 30, 2022

	Nine months ended September 30, 2021	(Millions of yen) Nine months ended September 30, 2022
Continuing operations		
Revenue	589,531	612,321
Cost of sales	328,708	345,004
Gross profit	260,823	267,317
Selling and general administrative expenses	273,868	278,322
Other income	6,234	8,132
Other expenses	13,046	4,237
Investment income (loss) on equity method	(121)	57
Operating income (loss)	(19,978)	(7,053)
Financial revenue	309	179
Financial expenses	726	1,073
Income (Loss) for the period before income taxes	(20,395)	(7,947)
Income tax benefit	(6,338)	(2,756)
Net income (loss) for the period from continuing operations	(14,057)	(5,191)
Discontinued operations		
Net income for the period from discontinuing operations	12,505	—
Net income (loss) for the period	(1,552)	(5,191)
Net income (loss) for the period attributable to		
Owners of parent		
Income (Loss) from continuing operations attributable to owners of parent	(14,040)	(5,194)
Income from discontinued operations attributable to owners of parent	12,505	—
Non-controlling interests	(17)	3
Earnings (Loss) per share (yen)		
Continuing operations	(78.28)	(28.96)
Discontinued operations	69.72	—
Earnings (Loss) per share	(8.56)	(28.96)

(Condensed Consolidated Statements of Comprehensive Income)

The Nine-months ended September 30, 2022

	Nine months ended September 30, 2021	(Millions of yen) Nine months ended September 30, 2022
Net income (loss) for the period	(1,552)	(5,191)
Other comprehensive income (loss):		
Items that will not be reclassified subsequently to income or loss:		
Share of other comprehensive income (loss) of investments accounted for using equity method	(12)	—
Net change in financial assets measured at fair value through other comprehensive income	1,794	329
Subtotal	1,782	329
Items that may be reclassified subsequently to income (loss):		
Cash flow hedges	2,198	1,715
Subtotal	2,198	1,715
Total other comprehensive income for the period	3,980	2,044
Total comprehensive income (loss) for the period	2,428	(3,147)
Comprehensive income (loss) attributable to:		
Owners of parent	2,445	(3,150)
Non-controlling interests	(17)	3

(3) Condensed Consolidated Statements of Changes in Equity

The Nine months ended September 30, 2021

(Millions of yen)

	Equity attributable to owners of the parent company						Total	Non-controlling interests	Total
	Capital stock	Capital surplus	Retained earnings	Treasury Shares	Accumulated other comprehensive income (loss)	Accumulated other comprehensive income of disposal groups classified as for sale			
Balance as of January 1, 2021	15,232	450,605	120,473	(85,654)	1,095	(107)	501,643	450	502,093
Comprehensive income (loss) for the period									
Net income (loss) for the period	—	—	(1,535)	—	—	—	(1,535)	(17)	(1,552)
Other comprehensive income	—	—	—	—	3,980	—	3,980	—	3,980
Total comprehensive income (loss) for the period	—	—	(1,535)	—	3,980	—	2,445	(17)	2,428
Transactions with owners.									
Dividends of surplus	—	—	(8,967)	—	—	—	(8,967)	—	(8,967)
Purchase of treasury stock	—	—	—	(6)	—	—	(6)	—	(6)
Disposal of treasury stock	—	(0)	—	0	—	—	0	—	0
Transactions of share-based payment	—	283	—	—	—	—	283	—	283
Reclassification from accumulated other comprehensive income (loss) to retained earnings	—	—	17	—	(17)	—	—	—	—
Reclassification from accumulated other comprehensive income (loss) to non-financial assets	—	—	—	—	(895)	—	(895)	—	(895)
Changes from loss of control	—	—	(107)	—	—	107	—	(297)	(297)
Total transactions with owners.	—	283	(9,058)	(6)	(912)	107	(9,586)	(297)	(9,883)
Balance as of September 30, 2021	15,232	450,888	109,880	(85,660)	4,163	—	494,503	136	494,638

The Nine months ended September 30, 2022

(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 (loss)	Total		
Balance as of January 1, 2022	15,232	450,832	109,273	(85,661)	2,644	492,320	131	492,451
Comprehensive income (loss) for the period								
Net income (loss) for the period	—	—	(5,194)	—	—	(5,194)	3	(5,191)
Other comprehensive income (loss)	—	—	—	—	2,044	2,044	—	2,044
Total comprehensive income (loss) for the period	—	—	(5,194)	—	2,044	(3,150)	3	(3,147)
Transactions with owners								
Dividends of surplus	—	—	(8,967)	—	—	(8,967)	—	(8,967)
Purchase of treasury stock	—	—	—	(4)	—	(4)	—	(4)
Disposal of treasury stock	—	(0)	—	0	—	0	—	0
Transactions of share-based payment	—	371	—	—	—	371	—	371
Reclassification from accumulated other comprehensive income (loss) to retained earnings	—	—	(5)	—	5	—	—	—
Reclassification from accumulated other comprehensive income (loss) to non-financial assets	—	—	—	—	(2,010)	(2,010)	—	(2,010)
Total transactions with owners	—	371	(8,972)	(4)	(2,005)	(10,611)	—	(10,611)
Balance as of September 30, 2022	15,232	451,203	95,107	(85,665)	2,683	478,559	134	478,694

(4) Notes to Condensed Consolidated Financial Statements

(Notes Relating to Going Concern Assumption)

Not applicable.

(Changes in Accounting Estimates)

(The Change in useful life of Property, Plant and Equipment)

The group depreciated its sales equipment mainly over a useful life period of 9 years. However, as consumer spending patterns have been impacted by the pandemic, we have decided to further strengthen the margin & ROI-focus commercial strategy from 2022 and determined the policy to utilize our sales equipment on a longer-term basis and more efficiently than in the past. Also, these are to be reflected in our new mid-term business plan, which is under development. As a result, the main useful life of sales equipment has been revised to 11 years and it was applied prospectively from this first quarter.

As a result of this change, operating loss and loss before tax for nine months ended September 30, 2022 by 6,478 million yen, respectively, compared with those based on the previous useful life.

(Segment Information)

As the Group operates a single segment of the beverage business, the reportable segment explanation will be omitted.