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## Consolidated Financial Summary for the Second Quarter Ended June 30, 2020 (IFRS)



August 12, 2020

Listed company name: Coca-Cola Bottlers Japan Holdings Inc. Code number: 2579 Delegate: Title: Representative Director & President Contact: Title: Head of Controllers Senior Group Division, Finance Expected date of quarterly report submission: August 13, 2020 Schedule for dividends payment: - Preparation of supplementary materials on quarterly financial results: Yes Holding of quarterly financial results conference: Yes	Listed stock exchanges: Tokyo URL: <a href="https://en.ccbj-holdings.com/">https://en.ccbj-holdings.com/</a> Name: Calin Dragan Name: Cordula Thomas Phone: 03-6896-1707
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(Fractions of one million yen are rounded)

### 1. Consolidated financial results for the second quarter 2020 (from January 1, 2020 to June 30, 2020)

#### (1) Consolidated financial results

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

	Net sales		Business loss		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	%
2 <sup>nd</sup> quarter, 2020	386,679	(10.8)	(5,539)	-	(13,110)	-	(6,462)	-	(6,452)	-	(11,504)	-
2 <sup>nd</sup> quarter, 2019	433,710	(3.2)	4,122	(64.4)	(65,457)	-	(64,537)	-	(64,565)	-	(63,537)	-

	Loss per share	Diluted earnings per share
	yen	yen
2 <sup>nd</sup> quarter, 2020	(35.97)	-
2 <sup>nd</sup> quarter, 2019	(358.14)	-

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

#### (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, 2020	974,323	491,170	490,715	50.4
Dec. 31, 2019	952,444	506,491	505,999	53.1

### 2. Dividends

	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	yen	yen	yen	yen	yen
FY ended December 2019	-	25.00	-	25.00	50.00
FY ending December 2020	-	0.00			
FY ending December 2020 (forecast)			-	25.00	25.00

Note: Revisions to the cash dividends forecasts most recently announced: Yes

### 3. Forecast for consolidated financial results 2020 (from January 1, 2020 to December 31, 2020)

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

	Net sales		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 2020	-	-	-	-	-	-	-	-	-	-	-

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

The financial forecast for 2020 has been withdrawn and is currently being evaluated given uncertainty around the COVID-19 spread. It is planned to announce the forecast for 2020 once we have clear visibility on Q3 results.

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<sup>nd</sup> Quarter, June 2020: 206,268,593 shares
    - FY ended December 2019: 206,268,593 shares
  - 2) The number of treasury shares:
    - 2<sup>nd</sup> Quarter, June 2020: 26,918,523 shares
    - FY ended December 2019: 26,917,320 shares
  - 3) The number of average shares outstanding:
    - 2<sup>nd</sup> Quarter, June 2020: 179,350,582 shares
    - 2<sup>nd</sup> Quarter, June 2019: 180,280,315 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 a 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 Information on the Financial Summary for this Quarter

### (1) Qualitative Information on Consolidated Financial Results

Coca-Cola Bottlers Japan Holdings Inc. (“CCBJH” or the “Company”, or “we”) announced year-to-date second-quarter results for the fiscal year ending on December 31, 2020 (January 1, 2020 to June 30, 2020).

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

In the year-to-date second-quarter period, total nonalcoholic ready-to-drink (NARTD) beverage industry volume performance is expected to decline about 10% versus the prior-year period as customer outlets have closed or reduced operating hours, and foot traffic has declined as consumers refrain from going out in accordance with the government’s emergency declaration to prevent further spread of COVID-19. The health food and cosmetics industries continue to expand, driven by demand from health-conscious consumers and new demand driven by new functionality and efficacies, although they too are expected to be impacted by the COVID-19 outbreak.

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

Our year-to-date second-quarter results were impacted by a sharp drop in beverage business sales volume since March due to the COVID-19 situation, and we expect the second quarter (April to June, Q2) will prove to be the one of the most challenging quarters of the year, given the impact of the government’s emergency declaration during the period.

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 13, 2020 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.

### Highlights of the Second Quarter

- Q2 reflects impact of emergency declaration and decision to postpone Olympics. Q2 volume down 18% and year-to-date volume down 11%. Lemon-dou alcohol brand ahead of plan.
- Targeting appropriate balance of value and volume—slight over-the-counter market share decline as we maintain wholesale price hike, focus on core business and pivot from Olympics-heavy 2020 plan. Vending market share growth continued despite COVID-19 drop in market volume.
- Significant cost savings helping to offset current-year topline pressure. Achieved over 10 billion yen in year-to-date cost savings. Year-to-go cost-saving efforts to continue.
- Accelerated important vending channel operation transformation project by six months; Completed company-wide deployment by the end of Q2
- Completed brand-new, world-class Hiroshima plant. Expanded supply network on-plan, with seven new lines installed since last year, including four new lines in 2020.
- Carefully watching peak summer performance to update full-year forecast, amid ongoing COVID-19 uncertainty and extended rainy season in July. Announced plan to reinstate 25 yen per share year-end dividend.

## Summary of Consolidated Financial Results

### Year-to-date Q2 (January to June)

In million JPY	2019	2020	Change
Net Revenue	433,710	<b>386,679</b>	(10.8%)
Gross Profit	210,246	<b>179,259</b>	(14.7%)
Selling, General & Administrative Expenses	205,202	<b>183,899</b>	(10.4%)
Other income (Recurring)	560	<b>385</b>	(31.3%)
Other expenses (Recurring)	1,457	<b>1,054</b>	(27.6%)
Investment loss on equity method	(24)	<b>(230)</b>	-
Business Income (Loss)	4,122	<b>(5,539)</b>	-
Impairment losses of goodwill	61,859	-	(100.0%)
Other income (Non-recurring)	1,240	<b>0</b>	(100.0%)
Other expenses (Non-recurring)	8,960	<b>7,571</b>	(15.5%)
Operating Loss	(65,457)	<b>(13,110)</b>	-
Net Loss Attributable to Owners of Parent	(64,565)	<b>(6,452)</b>	-
Sales volume of beverage business (million cases)	237	<b>212</b>	(11%)

### Q2 (April to June)

In million JPY	2019	2020	Change
Net Revenue	234,978	<b>187,964</b>	(20.0%)
Gross Profit	115,644	<b>85,841</b>	(25.8%)
Selling, General & Administrative Expenses	107,062	<b>84,253</b>	(21.3%)
Other income (Recurring)	267	<b>157</b>	(41.0%)
Other expenses (Recurring)	657	<b>580</b>	(11.8%)
Investment loss on equity method	(10)	<b>(170)</b>	-
Business Income	8,182	<b>995</b>	(87.8%)
Impairment losses of goodwill	61,859	-	(100.0%)
Other income (Non-recurring)	1,240	-	(100.0%)
Other expenses (Non-recurring)	195	<b>6,223</b>	3,086.5%
Operating Loss	(52,633)	<b>(5,228)</b>	-
Net Loss Attributable to Owners of Parent	(56,563)	<b>(761)</b>	-
Sales volume of beverage business (million cases)	127	<b>104</b>	(18%)

Note: "Business Income (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.

Year-to-date second-quarter net revenue was 386,679 million yen, a decrease of 47,031 million yen or 10.8%, in comparison to the prior-year period. Net revenue of the beverage business declined 46,806 million yen or 11.1% to 374,598 million yen, due to the volume decline since March, driven by the spread of COVID-19 and the government's emergency declaration. Net revenue of the healthcare & skincare business was less impacted by the COVID-19 situation, and declined by 225 million yen (down by 1.8%) year-on-year to 12,081 million yen, driven by new-product launches and expansion into new sales channels following a comprehensive renewal of the core product lineup and corporate logo in October 2019.

Year-to-date second-quarter Business Income, an indicator of our recurring business performance, was a loss of 5,539 million yen (4,122 million yen Business Income in the prior year period). Business income for the beverage business was a loss of 7,368 million yen (2,523 million yen Business Income in the prior year period). This reflects a gross profit decline driven in large part by channel mix as the vending and convenience store channels were impacted by a decline in consumer traffic during the COVID-19 emergency declaration period, partially offset by significant efforts to drive cost reductions across labor, promotion and back-office expenses. Business income in the healthcare & skincare business was 1,829 million yen, an increase of 229 million yen or 14.3% from the prior year period driven by a strong focus on cost reduction and controlling sales promotion expenses.

Year-to-date consolidated operating loss improved from the prior year to 13,110 million yen (65,457 million yen loss in the prior period) mainly by cycling a 61,859 million yen impairment loss on Goodwill in the prior-year second quarter. As a reference, other expenses (non-recurring) in year-to-date second-quarter 2019 results include 8,706 million yen of special retirement allowance and others due to the introduction of a voluntary employee retirement program. Other expenses (non-recurring) during the 2020 period include 2,841 million yen of temporary paid leave expenses in the second quarter, 1,908 million yen of transformation-related expenses and special retirement allowances of 1,424 million yen. We anticipate the temporary paid leave expenses will be partially offset by government subsidies that we expect to receive in the third quarter.

Net loss attributable to owners of parent for the year-to-date second quarter was 6,452 million yen (64,565 million yen loss in the prior period) led by improvement of the operating loss.

### **Beverage volume performance**

Year-to-date volume performance through February was positive versus the prior year, reflecting a solid start to our new strategic business plan period, and including the contribution of the Lemon-dou alcohol brand launched nationwide in October 2019. However, year-to-date second-quarter volume declined 11% due to a sharp decline starting in March triggered by countermeasures to prevent the spread of COVID-19. Second-quarter volume declined 18%, impacted by the government's emergency declaration, with April and May volume down over 20%, respectively, during the peak period of the state of emergency.

Our year-to-date nonalcoholic ready-to-drink beverage volume declined 12% and second-quarter volume declined 20%. Volume declines were led by the retail & food and vending channels as a result of school closures, increased working from home, restricted operations of restaurants and eating outlets and people refraining from going out, in line with the government's recommended COVID-19 emergency countermeasures. The vending channel started the year with positive momentum through February, but as sales volume declined sharply in train stations, schools, leisure venues and offices starting in March, year-to-date vending channel volume declined 15%. Retail & food channel sales volume declined 32% year-to-date driven primarily by a sharp decline in food channel volume as people stopped dining out. Convenience store channel volume declined 9% year-to-date mainly driven by a decline of water volume, partially offset by relatively stable volume performance in sparkling beverages, including trademark Coca-Cola. Drug & Discounter (D&D) channel volume has grown since February, and year-to-date volume grew 7% led by increased shopper traffic, demand for home consumption and stocking-up at home. Supermarket volume decreased 1% as consumers adjusted the frequency of shopping trips and the composition of their shopping basket purchases.

NARTD volume performance by category is primarily impacted by the COVID-19 situation. Sparkling beverages declined 9% year to date, driven by the strong decline in the retail & food channel, offsetting growth from the newly-launched Fanta Premiere Grape and growth in the supermarket and D&D channels. Year-to-date non-sugar tea (NST) volume decreased 10% despite the contribution of newly-launched Ayataka Koiryokucha. Coffee volume declined 8%, as growth in PET bottled coffee brands, including Georgia Japan Craftsman and the newly-launched Georgia Latte Nista, was offset by a decline in can and bottle can products. The sports drink category declined 19% year to date as a result of a decline in the overall category, with weaker performance in large PET packaging. Water volume declined 10%, as immediate consumption small package volume declines offset growth in large PET volume in supermarket and D&D channels driven by increased demand for at-home consumption and pantry-loading.

The ready-to-drink alcohol brand, Lemon-dou continues to perform well since expanding nationwide in October 2019, and sold 4.22 million cases year to date. We will consider enhancing our supply capacity for the Lemon-dou brand based on the results to the date and the future sales outlook.

## (2) Qualitative Information on Consolidated Financial Position

Assets at the end of this quarter were 974,323 million yen, an increase of 21,879 million yen from the end of the prior year. This is mainly due to an increase of Cash and cash equivalents, increase of Inventories to ensure stable supply toward peak season and higher Property, plant and equipment as a result of the strategic capital investments we have been making to increase supply capacity and space to sell and increase of Differed tax assets.

Liabilities at the end of the quarter were 483,154 million yen, an increase of 37,201 million yen from the end of the prior year. This is mainly due to an increase of Bonds and Debts 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.

Net Assets at the end of the quarter were 491,170 million yen, a decrease of 15,321million yen. This is mainly due to a decrease of Other Comprehensive Income and a decline of Retained Earnings as a result of paying year-end dividends.

Cash flows for the year-to-date period are as follows:

Net cash generated from operations was 11,274 million yen (9,141 million net cash used for operations in the prior year period). This results from the 13,245 million yen net loss before tax, increase of inventories and other assets, decrease of other liabilities, and payment of income taxes offset by depreciation and amortization, decrease of trade and other receivables and income taxes refund.

Net cash used for investment activities was 47,697 million yen (38,820 million yen in the prior year period) due to purchases of fixed assets as we recover our supply network and progressively expand production capacity.

Net cash generated from financing activities was 41,203 million yen (27,680 million yen in the prior year period), driven by an increase of short-term loans for operating capital, partially offset by cash spent for payment of year-end dividends, lease liabilities.

As a result of these activities, cash and cash equivalents at the end of second quarter was 118,605 million yen, an increase of 73,375 million yen in comparison to the end of second quarter in the prior year.

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

We plan to announce updated full-year 2020 forecast once we have clear visibility on COVID-19 developments and third-quarter (July to September) results, as our full-year results rely heavily on the peak summer season in the third quarter.

Also, through the evaluation on cash allocation priorities and cash flow projections, the Company decided to pay 25 yen per share year-end dividend for this year. For details, please refer to the "Revision of Dividend Forecast" separately announced today.

## 2. Condensed Consolidated Financial Statements and Notes

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

	As of December 31, 2019	(Millions of yen) As of June 30, 2020
Assets		
Current assets:		
Cash and cash equivalents	113,825	118,605
Trade and other receivables	98,528	93,026
Inventories	74,120	78,032
Other financial assets	752	620
Other current assets	17,587	23,374
Total current assets	304,812	313,657
Non-current assets:		
Property, plant and equipment	467,136	477,600
Right-of-use assets	39,629	37,396
Goodwill	27,021	27,021
Intangible assets	67,123	66,891
Investments accounted for using the equity method	310	293
Other financial assets	33,499	27,832
Deferred tax assets	6,093	14,897
Other non-current assets	6,820	8,736
Total non-current assets	647,632	660,666
Total assets	952,444	974,323



	As of December 31, 2019	(Millions of yen) As of June 30, 2020
Liabilities and equity		
Liabilities		
Current liabilities:		
Trade and other payables	122,364	113,413
Bonds and debts	17,261	67,094
Lease liabilities	6,634	6,548
Other financial liabilities	916	2,206
Income taxes payable	1,104	1,974
Provisions	20	20
Other current liabilities	19,886	14,660
Total current liabilities	<u>168,186</u>	<u>205,915</u>
Non-current liabilities:		
Bonds and debts	188,487	187,986
Lease liabilities	34,138	32,235
Other non-current liabilities	-	133
Net defined benefit liabilities	24,908	26,433
Provisions	2,104	2,150
Deferred tax liabilities	24,876	24,849
Other non-current liabilities	3,254	3,452
Total non-current liabilities	<u>277,767</u>	<u>277,238</u>
Total liabilities	<u>445,953</u>	<u>483,154</u>
Equity:		
Capital stock	15,232	15,232
Capital surplus	450,526	450,689
Retained earnings	121,372	110,658
Treasury shares	(85,649)	(85,652)
Accumulated other comprehensive income (loss)	4,517	(212)
Equity attributable to owners of parent	<u>505,999</u>	<u>490,715</u>
Non-controlling interests	492	454
Total equity	<u>506,491</u>	<u>491,170</u>
Total liabilities and equity	<u><u>952,444</u></u>	<u><u>974,323</u></u>

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

	Six months ended June 30, 2019	(Millions of yen) Six months ended June 30, 2020
Net sales	433,710	386,679
Cost of sales	223,465	207,420
Gross profit	210,246	179,259
Selling and general administrative expenses	205,202	183,899
Impairment losses of goodwill	61,859	-
Other income	1,800	385
Other expenses	10,417	8,626
Share of loss of entities accounted for using equity method	(24)	(230)
Operating loss	(65,457)	(13,110)
Financial revenue	501	405
Finance costs	557	540
Loss for the period before income tax benefit	(65,513)	(13,245)
Income tax benefit	(976)	(6,783)
Net loss for the period	(64,537)	(6,462)
Net loss for the period attributable to		
Owners of parent	(64,565)	(6,452)
Non-controlling interests	28	(10)
Loss per share (yen)	(358.14)	(35.97)

(Condensed Consolidated Statements of Comprehensive loss)

	Six months ended June 30, 2019	(Millions of yen) Six months ended June 30, 2020
Net loss for the period	(64,537)	(6,462)
Other comprehensive income (loss):		
Items that will not be reclassified subsequently to income or loss:		
Remeasurements of defined benefit plans	1,785	-
Net change in financial assets measured at fair value through other comprehensive loss	(408)	(3,377)
Subtotal	1,377	(3,377)
Items that may be reclassified subsequently to loss:		
Cash flow hedges	(377)	(1,665)
Subtotal	(377)	(1,665)
Total other comprehensive income (loss) for the period	1,000	(5,042)
Total comprehensive loss for the period	(63,537)	(11,504)
Comprehensive loss attributable to:		
Owners of parent	(63,566)	(11,494)
Non-controlling interests	28	(10)

## (3) Condensed Consolidated Statements of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent company							Total
	Capital stock	Share premium	Retained earnings	Treasury Shares	Accumulated other comprehensive income	Total	Non-controlling interests	
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 (loss) for the year								
Net loss for the period	-	-	(64,565)	-	-	(64,565)	28	(64,537)
Other comprehensive income	-	-	-	-	1,000	1,000	-	1,000
Total comprehensive loss for the period	-	-	(64,565)	-	1,000	(63,566)	28	(63,537)
Transactions with owners.								
Dividends of surplus	-	-	(4,587)	-	-	(4,587)	(22)	(4,609)
Purchase of treasury stock	-	(64)	-	(12,995)	-	(13,059)	-	(13,059)
Disposal of treasury stock	-	(0)	-	1	-	1	-	1
Transactions of share-based payment	-	(2)	-	-	-	(2)	-	(2)
Reclassification from accumulated other comprehensive income (loss) to retained earnings	-	-	2,355	-	(2,355)	-	-	-
Reclassification from accumulated other comprehensive income to non-financial assets	-	-	-	-	189	189	-	189
Total transactions with owners.	-	(66)	(2,232)	(12,994)	(2,166)	(17,458)	(22)	(17,480)
Balance as of June 30, 2019	15,232	450,467	115,283	(85,644)	3,749	499,087	464	499,551

(Millions of yen)

	Equity attributable to owners of the parent company							Total
	Capital stock	Share premium	Retained earnings	Treasury shares	Accumulated other comprehensive income (loss)	Total	Non-controlling interests	
Balance as of January 1, 2020	15,232	450,526	121,372	(85,649)	4,517	505,999	492	506,491
Comprehensive loss for the period								
Net income (loss) for the period	-	-	(6,452)	-	-	(6,452)	(10)	(6,462)
Other comprehensive loss	-	-	-	-	(5,042)	(5,042)	-	(5,042)
Total comprehensive income (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

## (4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020
<b>Cash flows from operating activities</b>		
Loss for the period before income tax benefit	(65,513)	(13,245)
Adjustments for:		
Depreciation and amortization	28,114	29,387
Impairment loss	62,109	85
Change in allowance for doubtful accounts	(471)	(67)
Interest and dividends income	(308)	(288)
Interest expenses	557	540
Share of loss of entities accounted for using equity method	24	230
Gain on sale of property, plant and equipment	(1,259)	(4)
Loss on disposal and sale of property, plant and equipment	1,014	760
(Increase) decrease in trade and other receivables	(9,355)	5,524
Increase in inventories	(15,656)	(3,912)
Increase in other assets	(2,715)	(9,821)
Increase in trade and other payables	10,860	2,899
(Decrease) increase in net defined benefit liabilities	(2,148)	1,525
Decrease in other liabilities	(7,389)	(5,404)
Others	436	202
Subtotal	(1,702)	8,413
Interest received	0	0
Dividends received	308	287
Interest paid	(527)	(471)
Income taxes paid	(8,882)	(4,651)
Income taxes refund	1,662	7,696
Net cash (used in) provided by operating activities	(9,141)	11,274
<b>Cash flows from investing activities</b>		
Acquisitions of property, plant and equipment and intangible assets	(42,892)	(48,261)
Proceeds from sales of property, plant and equipment and intangible assets	2,346	97
Purchases of other financial assets	(27)	(26)
Proceeds from sale of other financial assets	1,683	542
Other	71	(48)
Net cash used in investing activities	(38,820)	(47,697)

(Millions of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020
Cash flows from financing activities		
Increase in short-term loans payable	50,000	50,000
Repayments of long-term loans payable	(943)	(724)
Dividends paid	(4,587)	(4,484)
Dividends paid to non-controlling interests	(22)	(28)
Proceeds from disposal of treasury stock	1	1
Purchases of treasury stock	(13,088)	(4)
Repayments of lease liabilities	(3,681)	(3,558)
Net cash provided by financing activities	27,680	41,203
Net change in cash and cash equivalents	(20,281)	4,780
Cash and cash equivalents at the beginning of the year	65,510	113,825
Cash and cash equivalents at the end of the year	45,230	118,605

(5) Notes to Condensed Consolidated Financial Statements

(Notes Relating to Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

Not applicable.

(Segment Information)

Operating segments are defined as the components of the Company for which separate financial information is available that is evaluated regularly by the Board of Directors, chief operating decision-maker, in making resource allocation decisions and in assessing performance. The Company has identified the following operating segments. No operating segments have been aggregated to form reportable segments. The principal products and services belonging to the reportable segments are as follows.

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

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

Information about reportable segments is as follows:

Impairment loss of 61,859 million yen was recorded in the Beverage Business during the first six-month period of the prior year.

Second quarter of the prior year (January 1, 2019 – June 30, 2019)

	Reportable segments		Reportable segments Total	Adjustment	Total
	Beverage Business	Healthcare & Skincare Business			
Sales revenue to external customers	421,404	12,306	433,710	-	433,710
Intersegment sales accumulation	-	-	-	-	-
Total sales revenue	421,404	12,306	433,710	-	433,710
Segment profit (loss)	(67,057)	1,600	(65,457)	-	(65,457)
Adjustments					
Financial revenue					501
Finance costs					557
Loss before income tax benefit					(65,513)

Second quarter of the current year (January 1, 2020 – June 30, 2020)

	Reportable segments		Reportable segments Total	Adjustment	Total
	Beverage Business	Healthcare & Skincare Business			
Sales revenue to external customer	374,598	12,081	386,679	-	386,679
Intersegment sales revenue	-	-	-	-	-
Sales revenue	374,598	12,081	386,679	-	386,679
Segment income (loss)	(14,937)	1,827	(13,110)	-	(13,110)
Adjustments					
Financial revenue					405
Finance costs					540
Loss before income tax benefit					(13,245)