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Consolidated Financial Summary for Fiscal Year Ended December 31, 2023 (IFRS)



February 14, 2024

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: Tatsuhiro Ishikawa Phone: +81-800-919-0509

Expected date of general shareholders meeting: March 26, 2024

Expected date of the dividend payment: March 28, 2024

Expected date of submission of annual securities report: March 27, 2024

FY 2023 supplementary information: Yes

FY 2023 financial presentation: Yes

(Fractions of one million yen are rounded to the nearest million)

1. Consolidated financial results for the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(1) Consolidated financial results

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

	Revenue		Business Income		Operating income		Net income		Net income for the year attributable to owners of the parent		Total comprehensive income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Dec. 31, 2023	868,581	7.6	2,025	—	3,441	—	1,903	—	1,871	—	2,241	—
Dec. 31, 2022	807,430	2.7	(14,443)	—	(11,513)	—	(8,059)	—	(8,070)	—	(4,994)	—

	Earnings 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 revenue
	yen	yen	%	%	%
Dec. 31, 2023	10.43	10.36	0.4	0.4	0.4
Dec. 31, 2022	(45.00)	—	(1.7)	(1.5)	(1.4)

Reference: Investment gain(loss) on equality method accounted for using equity method

Fiscal Year 2023: (7) million yen

Fiscal Year 2022: 46 million yen

※ "Business income" is measure of our recurring business performance. "Business income" 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) 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, 2023	844,832	470,021	469,847	55.6	2,618.49
Dec. 31, 2022	826,737	476,358	476,216	57.6	2,655.38

(3) Consolidated cash flows

Year ended	Net cash generated from (used for)			Cash and cash equivalents at end of year
	Operating activities	Investing activities	Financing activities	
	million yen	million yen	million yen	million yen
Dec. 31, 2023	59,102	(14,287)	(15,229)	113,660
Dec. 31, 2022	42,717	(23,090)	(46,050)	84,074

2. Dividends

Year ended	Dividends per share					Total dividend payments (annual)	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1Q	2Q	3Q	Year-end	Annual			
	yen	yen	yen	yen	yen	million yen	%	%
Dec. 31, 2022	—	25.00	—	25.00	50.00	8,967	—	1.9
Dec. 31, 2023	—	25.00	—	25.00	50.00	9,124	479.4	1.9
Dec. 31, 2024 (forecast)	—	25.00	—	25.00	50.00		130.0	

3. Forecast of consolidated financial results 2024 (from January 1, 2024 to December 31, 2024)

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

FY 2024	Revenue		Business Income		Operating income		Income before tax		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	%	million yen	%	yen
	882,400	1.6	10,000	393.8	11,900	245.8	11,100	244.3	6,900	262.6	6,900	268.8	38.45

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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 2023: 206,268,593 shares
- FY 2022: 206,268,593 shares
- 2) Number of treasury shares:
- FY 2023: 26,834,199 shares
- FY 2022: 26,928,478 shares
- 3) The number of average shares outstanding:
- FY 2023: 179,382,511 shares
- FY 2022: 179,342,220 shares

Notes: The Company has introduced Executive reward BIP Trust and Stock-granting ESOP Trust during the current year. The Company shares held by these trusts are included in the treasury shares to be deducted from the number of treasury shares at the end of the year and the number of average shares during the year.

(Reference) Summary of the Non-consolidated Financial Results

1. Non-consolidated financial results for the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(1) Non-consolidated financial results

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

Year ended	Operating revenue		Operating income		Recurring income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Dec. 31, 2023	6,052	7.3	1,548	(19.7)	1,301	(30.4)	1,349	(13.7)
Dec. 31, 2022	5,640	(2.7)	1,927	25.1	1,869	55.6	1,562	(91.5)

	Earnings per share	Diluted earnings per share
	yen	yen
Dec. 31, 2023	7.52	7.47
Dec. 31, 2022	8.71	8.68

(2) Non-consolidated financial position

As of	Total assets	Net assets	Net assets to total assets	Net assets per share
	million yen	million yen	%	yen
Dec. 31, 2023	498,355	336,844	67.6	1,877.26
Dec. 31, 2022	502,941	344,402	68.5	1,920.38

Reference: Net assets Fiscal Year 2023: 336,844 million yen Fiscal Year 2022: 344,402 million yen

※ The consolidated financial summary is not subject to audit 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 materially due to a number of inherent uncertainties in the forecast. Furthermore, please refer to “1. Qualitative Information on the Financial Summary (1) Qualitative Information on Consolidated Financial Results (outlook for next fiscal year) on page 7.

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1. Qualitative Information on the Financial Summary

(1) Qualitative Information on Consolidated Financial Results

Coca-Cola Bottlers Japan Holdings Inc. (“CCBJH,” the “Company,” or “we”) announced the full-year results for the fiscal year (January 1, 2023, to December 31, 2023).

In this fiscal year, the total domestic nonalcoholic ready-to-drink (NARTD) beverage industry volume is estimated to have grown by about 1% versus the previous fiscal year. Although demand continued to increase on the back of a recovery in traffic, resumption of economic activity and the heat wave, the negative impact on demand from the price revisions implemented by beverage companies had an impact. The business environment remained uncertain as the rising commodity, utility prices, and the yen's depreciation impacted business and consumer behavior.

Under these circumstances, we have positioned 2023 as the “Year of profit focus,” and have prioritized improving profitability. In commercial activity, we implemented two price revisions as one of the most important initiatives for profitability improvement with a focus on steady implementation and maintaining shipping prices following the price revisions. In addition, we have been thoroughly implementing disciplined commercial activities throughout the year to maximize the effects of improved profitability and investment efficiency. To capture the increased demand from both the record breaking heat wave and recovery in traffic, we have worked to grow revenue by growing sales volume and improving wholesale revenue per case by introducing new products, implementing efficient and effective marketing activities, and strengthening customer engagement. In the manufacturing and supply chain fields, while faced with rising commodity, utility prices, and the yen's depreciation, to capture the opportunity of increased demand for sales volume and profit growth, we have worked on the stable operation of the Sales and Operations Planning process (S&OP), which was revamped in the previous year, and improved the supply network to ensure stable supply of products and reduction of total manufacturing and logistics costs. We expanded capacity with a new line at the Ebina Plant and other initiatives to improve manufacturing processes. We reduced transport distance per case by building a supply network by area and leveraging Mega Distribution Centers (DCs).

In August, we announced “Vision 2028,” our strategic business plan that runs from 2024 to 2028. KPI targets are annual revenue growth of 2 to 3%, a business income margin of 5% or higher, and return on invested capital (ROIC) of 5% or higher by 2028. We have outlined our key strategies and commitments to achieve this plan. Additionally, we are working to implement key transformation initiatives ahead of schedule. We are executing marketing and human capital investments to foster growth in 2024 and beyond. This effort aims to start “Vision 2028” with a strong momentum.

We are working to realize ESG targets based on creating shared value with society. We have launched several collaborative initiatives with our customers and government agencies. These include conserving water resources and enhancing PET bottle recycling. Through collaboration to foster a recycling-based society, we aim to reduce environmental impact and expand business opportunities.

To contribute to communities through business activity, we donate products to food banks and deploy vending machines that support local activities. As part of our human capital management, we promote Diversity, Equity & Inclusion (DE&I) to create a friendly working environment for employees with different backgrounds and values. Our ESG initiatives, including these efforts, have received high recognition. For the sixth consecutive year, leading global ESG investment index DJSI Asia Pacific has selected our company as a component of the index.

Details for the fiscal year earnings are as follows. Please also refer to our earnings presentation material available on the Company IR website (<https://en.ccbj-holdings.com/ir/library/presentation.php>) to be used in our earnings conference call on Thursday, February 15, 2024 at 1:30 PM (JST). These will include details of the results and outlook. The earnings presentation audio webcast will be available live and on demand through our company website.

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Summary of Business Performance

(Millions of yen except sales volume)

Full Year (January to December)

	2022	2023	Change (%)
Revenue	807,430	868,581	7.6
Sales volume (million cases)	478	492	3
Gross Profit	351,755	384,216	9.2
Selling, General & Administrative Expenses	365,295	381,022	4.3
Other income (Recurring)	974	728	(25.3)
Other expenses (Recurring)	1,924	1,890	(1.8)
Investment income (loss) on equity method	46	(7)	—
Business Income (Loss)	(14,443)	2,025	—
Other income (Non-recurring)	8,338	4,429	(46.9)
Other expenses (Non-recurring)	5,408	3,012	(44.3)
Operating Income (Loss)	(11,513)	3,441	—
Net Income (Loss) Attributable to Owners of Parent	(8,070)	1,871	—

(For reference)The fourth quarter (October to December)

	2022	2023	Change (%)
Revenue	195,109	204,756	4.9
Sales volume (million cases)	112	113	1
Gross Profit	84,439	89,621	6.1
Selling, General & Administrative Expenses	86,973	93,062	7.0
Other income (Recurring)	280	194	(30.9)
Other expenses (Recurring)	982	588	(40.1)
Investment loss on equity method	(11)	(8)	—
Business Loss	(3,247)	(3,842)	—
Other income (Non-recurring)	900	2,252	150.1
Other expenses (Non-recurring)	2,114	1,089	(48.5)
Operating Loss	(4,460)	(2,680)	—
Net Loss Attributable to Owners of Parent	(2,876)	(1,991)	—

* 1. “Business income(loss)” is measure of our recurring business performance. “Business income(loss)” deduct 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. Sales volume in 2022 is revised retroactively due to changes of counting segmentation and scope in some products.

Consolidated revenue was 868,581 million yen (an increase of 61,150 million yen or 7.6% from the previous year). Despite the negative impact on volume following price revisions, sales volume increased by 3% versus the previous year. This was achieved with the introduction of new products, effective marketing activities captured demand opportunity from recovering traffic, and the heat wave. Efforts were also made to strengthen customer engagement. Since 2022 we have implemented a series of price revisions. Our efforts to enhance and maintain revised shipping prices of products have improved wholesale revenue per-case in all channels, with revenue growth exceeding the sales volume growth rate.

Consolidated business income improved by 16,468million yen and was 2,025 million yen (14,443 million yen loss in prior year period). This improvement is attributed to profit contributions from top-line growth, sales volume, and wholesale revenue per case. A reduction in marketing expense, achieved through cost-effectiveness, also played a role. Lower logistics costs from supply chain improvements were also a factor. Despite the impact of higher commodity and utility prices, and yen depreciation, profitability improved. Commercial activities captured growth opportunities from the heat wave. The steady implementation of key transformation initiatives to improve profitability generated benefits ahead of plan. Full-year business income returned to profit and exceeded the plan that was revised upwards in November 2023.

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Consolidated operating income improved by 14,954 million yen and was 3,441 million yen (11,513 million yen loss in prior year period). In addition to business income growing versus the previous year being the primary reason, there was a cycling impact of gains from Government subsidies for temporary leave recorded in the previous year which lowered other income (non-recurring). Other income (non-recurring) includes 4,401 million yen in gains on sales and disposals of property, plant, and equipment, which was realized in the process of improving the balance sheet this year. Other expenses (non-recurring) include 2,491 million yen in business structure improvement expenses related to the implementation of fundamental transformation.

Net income attributable to owners of the parent improved by 9,941 million yen with operating income growing from the prior year period and was 1,871 million yen (8,070 million yen loss in prior year period).

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

Sales volume grew by 3% for the full year. As a benefit of the price revisions, wholesale revenue per case improved by more than double digits versus the previous year in all channels. For the fourth quarter (October 1, 2023, to December 31, 2023), although impacted by a decrease in volume from the October price revisions for large PET bottles, sales volume increased by 1% with the cycling of the price revisions for small packages implemented in the previous fiscal year.

By channel, sales volume declined by 4% in supermarkets despite campaigns and product launches to capture opportunities for increased demand driven by recovering traffic and the heat wave. In the main this was due to a decrease in volume following the series of price revisions implemented since 2022. Sales volume at drugstores and discounters despite being impacted by price revisions increased by 2% with sales volume growth in large and medium PET bottles, reflecting market expansion in this channel as consumers become more cost-conscious. Vending sales volume grew by 1%, supported by the market share base we have built to date and by campaigns implemented through the Coke ON smartphone app, contributing to capturing demand from the heat wave and traffic recovery. The price revision of small PET bottle and can products continued to impact vending volume. Wholesale revenue per case in vending improved greatly from the previous year with the price revisions. In CVS, although the competitive environment remained severe, efforts aimed at expanding our mainstay products carried at customer stores, expanding shelf space and strengthening customer engagement, have started to show results from the third quarter onwards resulting in a 5% increase in sales volume for the full year. In retail & food, sales volume increased by 10% with the traffic returning to restaurants and amusement facilities. In online, volume grew by 12% despite the intensifying competitive environment, strengthened product lineup and tie-up promotions implemented together with contributions from major online customers.

By beverage category performance, sparkling sales volume grew by 3%, with volume growth centered around Coca-Cola at vending and restaurants with the recovery in traffic, and contributions from product renewals such as Sprite. Sales volume of tea products declined by 1% due to impact from the price revisions, despite the contributions from Yakan no Mugicha from Sokenbicha which continues to enjoy sales growth since its launch and from the heat wave driving demand. Coffee sales volume increased by 2%, supported by the new Georgia THE Black, launched together with the Georgia rebranding. Medium PET bottle products captured at-home demand, despite volume being impacted from the price revisions. In sports, sales volume decreased by 4% due to the price revision impact, despite the contribution from new product Aquarius NEWATER. Water sales volume grew by 13% with demand driven by the heat wave and contributions from the I LOHAS Natural Water with the 2022 renewed bottle design and I LOHAS Peach. Juice sales volume increased by 13% with the recovery at restaurants as well as contributions from new product Minute Maid Gyutto! Fruits.

In the alcohol category, despite the contributions from new products such as Jack Daniel's & Coca-Cola, and non-alcoholic beverages such as Yowanai Lemon-dou which has been performing well since its launch, sales volume was impacted by the price revisions and declined by 12%

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(Outlook for next fiscal year)

Regarding outlook for the total domestic NARTD beverage market, although the increase in traffic is expected to continue to contribute to an increase in demand for beverages, the market will be affected by the cycling of the heat wave in 2023 and a decline in consumer sentiment due to domestic inflation, including price revisions for beverages, we expect a slight decrease from 2023 on a volume basis in the beverage market in 2024. In addition, the outlook for commodity and utility prices, package material prices, and exchange rates remains uncertain, so due to these external factors expected to increase cost pressures, we expect the environment to remain challenging.

Under these circumstances, we have positioned 2024 as "a year to strongly build up profit," as the first year of the strategic business plan "Vision 2028," announced in August 2023, and we will work on top-line growth strategy focused on profit maximization, cost saving by promoting company-wide transformation and further strengthening the business foundation.

In the commercial area, we will focus on initiatives aimed at profitable top line growth, through investing in core categories, strengthening our product portfolio through innovation, further transformation of vending channels leveraging technology, thoroughly conducting commercial activities that emphasize profitability including price revisions and strengthening strategic partnerships with key customers. Regarding initiatives by channel, in the important vending channel, we will continue to push ahead with our key transformation initiatives such as placing new vending machines focusing on investment efficiency, implement various measures to increase sales revenue per vending machine and investing in technology foundation that will lead to future growth. In the over the counter channel, we will implement initiatives tailored to the industry and characteristics of our customers, such as product development and sales floor expansion to meet consumer needs and disciplined commercial activities including optimization of marketing investments. In the food service channel, we will continue to work on expanding the line of our products by customers and optimization of sales equipment and product lineup with emphasis on profitability. In January 2024, we implemented a reorganization centered on these three channels, with the aim of speeding up decision-making and improving the driving force of each channel's growth strategy in the commercial organization. In addition, as a strong partnership that will drive growth, we will continue to strengthen our partnership with Coca-Cola (Japan) Co., Ltd.

In the supply chain area, we will strive to further optimize our supply chain network by leveraging the strong infrastructure built to date. Specifically, by increasing manufacturing capacity through improved plant productivity, building a flexible manufacturing system and optimizing the logistics network, we will promote a "local production for local consumption model," manufacturing products in factories close to the place of consumption, pursue total optimization of the end-to-end process, and reduce transport distance per case to reduce costs and address social issues. Also, by improving the accuracy of the Sales and Operations Planning(S&OP) process and leveraging our mega-DCs, we aim for stable and low-cost supply. We will also work to improve asset turnover through consolidation of sales and distribution centers, effective utilization of existing facilities, and reduction of product inventories by improving the accuracy of inventory management.

In the field of back office and IT, as part of our digital transformation (DX), we will further standardize and automate business processes using technology, integrate various IT systems and data, and promote data-driven management. In addition, we will improve ROIC (return on invested capital) as stated in "Vision 2028" by improving capital efficiency through appropriate management of capital investment and improvement of the balance sheet. We will also focus on promoting sustainability strategies and human capital management that contribute to sustainable growth.

As a result, we expect consolidated revenue in fiscal year 2024 will be 882,400 million yen, an increase of 1.6% versus previous year with benefits from price revisions, due to sales volume growth +0.5% versus previous year and improvements in mix and wholesale revenue per case. Consolidated business income is expected to be 10,000 million yen, an increase of 393.8% versus previous year. Consolidated operating income is expected to be 11,900 million yen, an increase of 245.8% versus previous year. Net income attributable to the owners of the parent is expected to be 6,900 million yen, an increase of 268.8% versus previous year.

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(2) Qualitative Information on Consolidated Financial Position

Assets at the end of the year were 844,832 million yen, an increase of 18,096 million yen from the end of the previous fiscal year. This is mainly due to an increase in “Cash and cash equivalents” and “Trade and other receivables”, while a decrease in “Property, plant, and equipment” through the progress made in balance sheet optimization.

Liabilities at the end of the year were 374,812 million yen, an increase of 24,434million yen from the end of the previous fiscal year. This is mainly due to an increase in “Trade and other payables” and “Income taxes payables.”

Equity at the end of the year was 470,021 million yen, a decrease of 6,338 million yen. This mainly reflects a decrease in “Retained earnings” due to dividend payments, while net income for the year was recorded.

The cash flow conditions for the current fiscal year are as follows:

<Cash Flows from Operating Activities >

Net cash generated from operating activities was 59,102 million yen (42,717 million yen generated from operating activities in the previous fiscal year). This is mainly due to an income before income taxes of 3,224 million yen, “Depreciation and amortization” and an “Increase in trade and other payables” were recorded.

<Cash Flows from Investing Activities>

Net cash used for investing activities was 14,287million yen (23,090 million yen used for investment activities in the previous fiscal year). This is mainly due to “Payments for acquisitions of property, plant, and equipment and intangible assets,” while “Proceeds from sales of property, plant and equipment and intangible assets” and “Proceeds from sale of other financial assets” through the progress made in balance sheet optimization were recorded.

<Cash Flows from Financing Activities>

Net cash used for financing activities was 15,229 million yen (46,050 million yen used for financing activities in the previous fiscal year). This is mainly due to “Dividends paid.”

As a result of these activities, cash and cash equivalents at the end of the year were 113,660 million yen, an increase of 29,586 million yen compared to the end of the previous fiscal year.

(3) Basic Policies for Income Distribution and Dividends for FY2023 and FY2024

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

We set 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 business performance and level of retained earnings. In addition, we have set a payout ratio target of 30% or more for net income attributable to owners of the parent. We pay interim and year-end dividends. For the fiscal year ending December 31, 2023, we paid an interim dividend of 25 yen per share and plan to pay a year-end dividend of 25 yen per share, for a total annual dividend of 50 yen per share to pay. For the fiscal year ending December 31, 2024, we seek to maintain its basic policy on stable dividend payment by setting the dividend forecast of annual total of 50 yen per share paid (25 yen per share as interim dividend and 25 yen per share as year-end dividend), which is same amount as in the fiscal year ending December 31, 2023.

On future shareholder returns, we stay committed by comprehensively reviewing its business performance trends and financial conditions and examining the best approaches that could be taken by including the share repurchase program.

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.

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3. Condensed Consolidated Financial Statements and Notes

(1) Condensed Consolidated Statement of Financial Position

	Previous fiscal year As of December 31, 2022	(Millions of yen) Current fiscal year As of December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	84,074	113,660
Trade and other receivables	103,346	120,069
Inventories	71,051	71,651
Other financial assets	542	88
Other current assets	13,108	8,288
Total current assets	272,122	313,756
Non-current assets:		
Property, plant, and equipment	425,009	401,687
Right-of-use assets	21,841	23,894
Intangible assets	65,865	63,819
Investments accounted for using the equity method	322	310
Other financial assets	15,888	11,898
Deferred tax assets	20,581	25,222
Other non-current assets	5,110	4,245
Total non-current assets	554,615	531,077
Total assets	826,737	844,832

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	Previous fiscal year As of December 31, 2022	(Millions of yen) Current fiscal year As of December 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities:		
Trade and other payables	108,254	116,612
Bonds and debts	1,000	40,979
Lease liabilities	5,122	5,267
Other financial liabilities	654	1,111
Income taxes payables	1,272	4,176
Other current liabilities	20,339	29,297
Total current liabilities	<u>136,641</u>	<u>197,443</u>
Non-current liabilities:		
Bonds and debts	155,701	114,802
Lease liabilities	18,146	20,349
Other non-current financial liabilities	8	15
Net defined benefit liabilities	17,817	19,856
Provisions	1,761	1,781
Deferred tax liabilities	17,157	16,757
Other non-current liabilities	3,147	3,809
Total non-current liabilities	<u>213,737</u>	<u>177,369</u>
Total liabilities	<u>350,378</u>	<u>374,812</u>
Equity:		
Capital stock	15,232	15,232
Capital surplus	451,264	451,389
Retained earnings	94,209	88,365
Treasury shares	(85,667)	(85,362)
Accumulated other comprehensive income	1,177	223
Equity attributable to owners of parent	<u>476,216</u>	<u>469,847</u>
Non-controlling interests	142	174
Total equity	<u>476,358</u>	<u>470,021</u>
Total liabilities and equity	<u><u>826,737</u></u>	<u><u>844,832</u></u>

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

	For the year ended December 31, 2022	(Millions of yen) For the year ended December 31, 2023
Revenue	807,430	868,581
Cost of sales	455,675	484,364
Gross profit	351,755	384,216
Selling and general administrative expenses	365,295	381,022
Other income	9,312	5,156
Other expenses	7,332	4,902
Investment income(loss) on equity method	46	(7)
Operating income (loss)	(11,513)	3,441
Financial revenue	264	535
Financial expense	1,242	753
Income (Loss) for the year before income taxes	(12,491)	3,224
Income tax expense (benefit)	(4,432)	1,321
Net income (loss) for the year	(8,059)	1,903
Net income (loss) for the year attributable to		
Owners of the parent	(8,070)	1,871
Non-controlling interests	11	32
Earnings (Losses) per share (yen)	(45.00)	10.43
Diluted earnings per share (yen)	-	10.36

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(Consolidated Statements of Comprehensive Income)

	For the year ended December 31, 2022	(Millions of yen) For the year ended December 31, 2023
Net income (loss) for the period	(8,059)	1,903
Other comprehensive income		
Items that will not be reclassified subsequently to income or loss:		
Remeasurements of defined benefit plans	1,523	33
Net change in financial assets measured at fair value through other comprehensive income	292	893
Subtotal	<u>1,815</u>	<u>926</u>
Items that may be reclassified subsequently to income or loss:		
Cash flow hedges	1,250	(587)
Subtotal	<u>1,250</u>	<u>(587)</u>
Total other comprehensive income for the period	<u>3,065</u>	<u>338</u>
Total comprehensive income for the period	<u>(4,994)</u>	<u>2,241</u>
Comprehensive income attributable to:		
Owners of parent	(5,005)	2,209
Non-controlling interests	11	32

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(3) Condensed Consolidated Statements of Changes in Equity

The previous fiscal year ended December 31, 2022

	Equity attributable to owners of the parent					Total	Non-controlling interests	Total
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Accumulated other comprehensive income			
Balance as of January 1, 2022	15,232	450,832	109,273	(85,661)	2,644	492,320	131	492,451
Comprehensive income for the period								
Net loss for the period	—	—	(8,070)	—	—	(8,070)	11	(8,059)
Other comprehensive income	—	—	—	—	3,065	3,065	—	3,065
Total comprehensive income for the period	—	—	(8,070)	—	3,065	(5,005)	11	(4,994)
Transactions with owners								
Dividends of surplus	—	—	(8,967)	—	—	(8,967)	—	(8,967)
Purchase of treasury shares	—	—	—	(6)	—	(6)	—	(6)
Disposal of treasury shares	—	(0)	—	0	—	0	—	0
Transactions of share-based payment	—	432	—	—	—	432	—	432
Reclassification from accumulated other comprehensive income to retained earnings	—	—	1,974	—	(1,974)	—	—	—
Reclassification from accumulated other comprehensive income to non-financial assets	—	—	—	—	(2,558)	(2,558)	—	(2,558)
Total transactions with owners	—	432	(6,993)	(5)	(4,532)	(11,099)	—	(11,099)
Balance as of December 31, 2022	15,232	451,264	94,209	(85,667)	1,177	476,216	142	476,358

The current fiscal year ended December 31, 2023

	Equity attributable to owners of the parent					Total	Non-controlling interests	Total
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Accumulated other comprehensive income			
Balance as of January 1, 2023	15,232	451,264	94,209	(85,667)	1,177	476,216	142	476,358
Comprehensive income for the period								
Net income for the period	—	—	1,871	—	—	1,871	32	1,903
Other comprehensive income	—	—	—	—	338	338	—	338
Total comprehensive income for the period	—	—	1,871	—	338	2,209	32	2,241
Transactions with owners								
Dividends of surplus	—	—	(8,967)	—	—	(8,967)	—	(8,967)
Purchase of treasury shares	—	—	—	(5)	—	(5)	—	(5)
Disposal of treasury shares	—	(149)	—	310	—	162	—	162
Transactions of share-based payment	—	273	—	—	—	273	—	273
Reclassification from accumulated other comprehensive income to retained earnings	—	—	1,252	—	(1,252)	—	—	—
Reclassification from accumulated other comprehensive income to non-financial assets	—	—	—	—	(41)	(41)	—	(41)
Total transactions with owners	—	125	(7,715)	305	(1,293)	(8,579)	—	(8,579)
Balance as of December 31, 2023	15,232	451,389	88,365	(85,362)	223	469,847	174	470,021

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(4) Condensed Consolidated Statements of Cash Flows

	(Millions of yen)	
	For the year ended December 31, 2022	For the year ended December 31, 2023
Cash flows from operating activities		
Income (loss) before income taxes	(12,491)	3,224
Adjustments for:		
Depreciation and amortization	45,786	46,460
Impairment loss	20	288
Decrease in allowance for doubtful accounts	(655)	(29)
Interest and dividends income	(237)	(178)
Interest expenses	750	660
Shares of loss (income) of entities accounted for using equity method	(46)	7
Gain on sale of property, plant, and equipment	(4,587)	(4,425)
Loss on disposal and sale of property, plant and equipment and intangible assets	2,111	1,258
(Increase) Decrease in trade and other receivables	2,603	(16,711)
Increase in inventories	(3,450)	(600)
Decrease in other assets	2,611	2,475
Increase in trade and other payables	1,379	10,840
Increase in net defined benefit liabilities	2,541	2,089
Increase in other liabilities	4,910	10,039
Others	2,521	5,768
Subtotal	43,767	61,164
Interest received	0	0
Dividends received	237	178
Interest paid	(654)	(577)
Income taxes paid	(4,820)	(3,627)
Income taxes refund	4,187	1,964
Net cash generated from operating activities	42,717	59,102
Cash flows from investing activities		
Payments for acquisitions of property, plant and equipment and intangible assets	(32,674)	(31,624)
Proceeds from sales of property, plant and equipment and intangible assets	7,127	11,806
Payments for purchases of other financial assets	(25)	(21)
Proceeds from sale of other financial assets	2,432	5,542
Others	51	11
Net cash used for investing activities	(23,090)	(14,287)

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	For the year ended December 31, 2022	For the year ended December 31, 2023
Cash flows from financing activities		
Decrease in short-term loans payable	(38)	—
Repayments of long-term loans payable	(1,065)	(1,000)
Payments for bond redemption	(30,000)	—
Dividends paid	(8,967)	(8,967)
Proceeds from disposal of treasury shares	0	162
Payments for purchases of treasury shares	(6)	(5)
Repayments of lease liabilities	(5,974)	(5,418)
Net cash used for financing activities	(46,050)	(15,229)
Net change in cash and cash equivalents (decrease)	(26,422)	29,586
Cash and cash equivalents at the beginning of the year	110,497	84,074
Cash and cash equivalents at the end of the year	84,074	113,660

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(5) Notes to Consolidated Financial Statements

(Notes Relating to Going Concern Assumption)

Not applicable.

(Segment Information, etc.)

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

(Earnings per share information)

The calculation of basic earnings(loss) per share attributable to owners of the parent is based on the net income (loss) attributable to owners of the parent and the weighted average number of common shares issued.

The basis for calculating the basic earnings (loss) per share and diluted earnings per share for previous fiscal year and current fiscal year are as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2023
Income (Loss) attributable to owners of parent (millions of yen)	(8,070)	1,871
Weighted-average number of common shares issued (in thousands)	179,342	179,383
Increase in common shares		
Share of share-based compensation (in thousands)	—	1,227
Diluted weight average number of shares (in thousands)	—	180,609
Earnings(losses) per share (yen)	(45.00)	10.43
Diluted earnings per share (yen)	—	10.36

Notes: 1. “Diluted earnings per share” is not shown in the previous fiscal year, as 751 thousand shares of share-based compensation have an antidilutive effect.

2. We have introduced Executive reward BIP Trust and Stock-granting ESOP Trust. The Company shares held by these trusts are included in the treasury shares to be deducted from the weighted average number of common shares during the year for calculating the amount of earnings(losses) per share and diluted earnings per share. The weighted average number of common shares deducted was 26,886 thousand shares for current fiscal year.

(Subsequent Events)

Not applicable.

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4. Others

Changes in key consolidated management indicators

		IFRS				
		FY2019	FY2020	FY2021	FY2022	FY2023
Revenues	(million yen)	890,009	791,956	785,837	807,430	868,581
Revenues growth rate	(%)	(4.0)	(11.0)	(0.8)	2.7	7.6
Operating income(loss)	(million yen)	(58,904)	(11,722)	(20,971)	(11,513)	3,441
Operating margin	(%)	(6.6)	(1.5)	(2.7)	(1.4)	0.4
Recurring income	(million yen)	—	—	—	—	—
Recurring income margin	(%)	—	—	—	—	—
Income (Loss) for the year before income tax	(million yen)	(58,922)	(12,065)	(21,683)	(12,491)	3,224
Ratio of income for the year before income tax to net sales	(%)	(6.6)	(1.5)	(2.8)	(1.5)	0.4
Net income(loss) attributable to owners of the company	(million yen)	(57,952)	(4,715)	(2,503)	(8,070)	1,871
Net revenues attributable to owners of the company	(%)	(6.5)	(0.6)	(0.3)	(1.0)	0.2
Total comprehensive income	(million yen)	(52,108)	(2,228)	759	(4,994)	2,241
Earnings(Losses) per share	(yen)	(322.22)	(26.29)	(13.96)	(45.00)	10.43
Diluted earnings per share	(yen)	—	—	—	—	10.36
ROE	(%)	(10.7)	(0.9)	(0.5)	(1.7)	0.4
ROA	(%)	(6.4)	(1.3)	(2.4)	(1.5)	0.4
Total assets	(million yen)	952,444	939,603	867,111	826,737	844,832
Total equity	(million yen)	506,491	502,093	492,451	476,358	470,021
Ratio of equity attributable to parent owners	(%)	53.1	53.4	56.8	57.6	55.6
Equity attributable to owners of the parent per share	(yen)	2821.27	2,797.03	2,745.12	2,655.38	2,618.49
Ratio of equity attributable to parent owners	(times)	(8.7)	(61.2)	(94.6)	(31.9)	194.2

Notes:

1. Fractions of one million yen are rounded to the nearest million. In addition, the ratio is rounded to the nearest number.
2. In the FY2020, 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.
3. Diluted earnings per share through FY2020 are not shown in the above table, as there are no residual shares. Diluted earnings per share is not presented in the FY2021 and FY2022, as the effects of dilutive stock on earnings per share are antidilutive in the FY2021 and FY2022.
4. The Company has introduced Executive reward BIP Trust and Stock-granting ESOP Trust in the FY2023. The Company shares held by these trusts are recorded as treasury shares in the consolidated financial statements. Accordingly, the Company shares held by these trusts are included in the treasury shares to be deducted from the end of years' share for the calculation of equity attributable to owners of the parent per share. Also, the Company shares held by these trusts are included in the treasury shares to be deducted from the number of weighted-average common shares during the year for the calculation of basic earnings(losses) per share and diluted earnings per share.

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