



**BOTTLERS JAPAN HOLDINGS INC.**

# NOTICE OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

Date  
and  
Time

10:00 a.m.,  
**March 28**

(Tuesday), 2023  
(Reception starts at  
9:00 a.m.)

Venue

**Ho-Oh-No-Ma  
(2F), Tokyo  
Prince Hotel**  
3-3-1 Shibakoen,  
Minato-ku, Tokyo,  
Japan

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In light of the ongoing concerns over the spread of the novel coronavirus disease (COVID-19), we ask you to exercise your voting rights either by writing or via the Internet. We also ask for your cooperation in preventing infection at the venue of the General Meeting of Shareholders, where measures may be taken to prevent infection.

We have stopped giving souvenirs to shareholders

attending the General Meeting of Shareholders.

We would appreciate your understanding in this matter.



### **Mission**

*Deliver happy moments  
to everyone while creating value*

### **Vision**

- *We are the preferred partner for our customers*
- *We win in the market through sustainable growth*
- *We lead a learning culture with commitment to grow*
- *We are the best place to work with pride for Coca-Cola*

### **Values**

- *Learning*
- *Agility*
- *Result-orientation*
- *Integrity*

From the fiscal year ending December 31, 2020, the year-end "To Our Shareholders" will be integrated into the Notice of Convocation, and "To Our Shareholders" will be issued only for the interim period.  
Please take advantage of our website, where you can obtain major IR information.

<https://www.ccbj-holdings.com/ir/>

Coca-Cola Bottlers Japan IR

Search 

## Dear Shareholders,

Thank you for ongoing support and interest in our company.

We positioned 2022 as “The year of building a foundation for sustainable growth” to ensure business activities are focused on profitability, as well as promote further transformation.

We have strived to grow sales volume and sales revenue by introducing new products, responding to changing consumer needs and executing effective campaigns that capture opportunities from recovering traffic.

To respond to cost pressures and secure an earnings foundation for the future, despite the continued severe competitive environment, we took decisive action and revised product prices ahead of the industry.

Also, we have built a supply chain that can flexibly respond to sudden demand change by revamping our Sales and Operations Planning process and leveraging our Saitama and Akashi Mega Distribution Centers.

These initiatives are producing results and have achieved profit improvement of about 20 billion yen in the areas that are under our control. Such areas include volume growth, improved wholesale revenue per case through price revisions, cost savings through enhanced production, logistics efficiency and accelerated transformation. However, external factors such as commodity prices, yen depreciation, and higher utility costs have had a significant impact on our business.

We are making steady progress towards our Environment, Society, and Governance (ESG) goals. As part of the Coca-Cola System in Japan, we are strengthening efforts to achieve a zero-waste society through our “World Without Waste” initiative using actions such as PET bottle horizontal recycling and establishing targets for reducing greenhouse gasses throughout our entire value chain.

Our ESG targets, including these efforts, meant we have been selected as a constituent of leading ESG investment index “DJSI Asia Pacific” for the fifth consecutive year, as well as achieving the highest “A Score” rating in the “Climate Change Survey” by CDP, the international environmental NPO.

We are confident that these accomplishments and the lessons learned are contributing to our business growth in the medium to long term.

We will strive to achieve a sustainable business foundation by continuing to focus on profitability through measures such as implementing additional price revisions, carrying out sales strategies that emphasize profitability and investment efficiency, and promoting further reforms to achieve stable, low-cost operations.

We will continue to provide a high-quality supply of products while meeting the diversifying needs of our customers. We are leveraging the perspectives and ideas of our diverse employees, we will continue to move forward towards achieving sustainable growth and delivering happy moments to everyone while creating value.

Your continued support and guidance is greatly appreciated. We sincerely wish you the best of health.



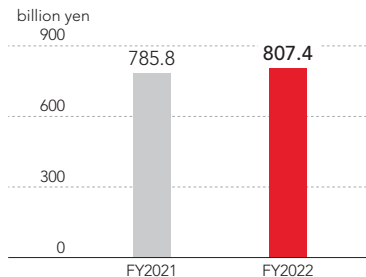
Calin Dragan  
Representative Director & President



# Consolidated Financial Highlights (IFRS)

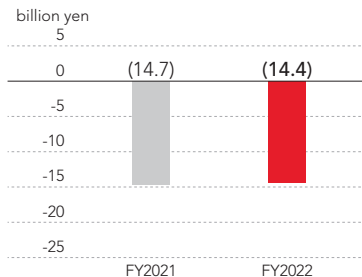
## Sales Revenue

**807.4** billion yen



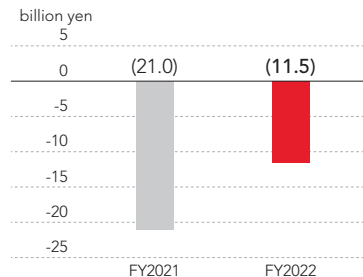
## Business Loss (loss)

**(14.4)** billion yen



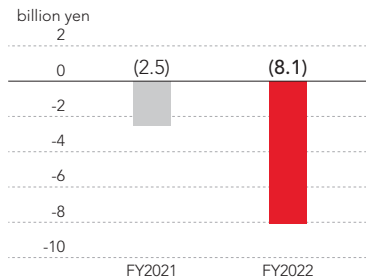
## Operating Loss (loss)

**(11.5)** billion yen



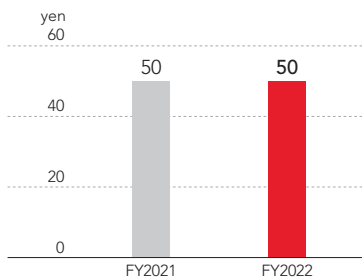
## Loss for the year attributable to owners of the parent (loss)

**(8.1)** billion yen



## Dividend per Share

**50** yen



## Annual Sales Volume

**500**

million cases  
FY2022 actual



## Number of Brands

about **40**  
Brands



## Number of Products

more than **600**  
products



\*Business profit is a measure of the recurring performance of a business and is calculated by subtracting cost of sales and selling, general and administrative expenses from revenue, and adding or subtracting other income and other expenses that are incurred on a recurring basis.

This document is a summary translation of the Japanese language original version. In the event of any discrepancy, errors and/or omissions, the Japanese language version shall prevail.

Securities code: 2579

March 10, 2023

(Start date of electronic provisioning measures: March 2, 2023)

## **NOTICE OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022**

Dear Shareholder,

You are hereby notified of the Ordinary General Meeting of Shareholders for the fiscal year ended December 31, 2022 of Coca-Cola Bottlers Japan Holdings Inc. (the “Company”), which will be held as described hereunder.

The Company has adopted an electronic method of providing the Notice of Convocation of the Ordinary General Meeting of Shareholders for the fiscal year 2022. For the convenience of shareholders, some of the items are provided by in writing, but the entire items are posted on the following website as the “Notice of Convocation of the 2022 Ordinary General Meeting of Shareholders”.

The Company’s website ► <https://www.ccbj-holdings.com/ir/stockholder/meeting.php>

In addition to the above, the information is also available on the following website on the Internet

TSE website (TSE-listed company information service)

► <https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

\*Please access the above TSE website, enter or search for name (company name) or securities code, and select “Basic Information” or “Documents for Public Inspection/PR Information” to confirm the information.

In light of the ongoing concerns over the spread of the novel coronavirus disease (COVID-19), we ask you to exercise your voting rights either by writing or via the Internet. Exercise your voting rights in advance either by writing or via the Internet, please review the Reference Materials for Ordinary General Meeting of Shareholders listed in the matters of Electronic Provisioning Measures and exercise your voting rights **by 5:45 p.m., March 27 (Monday), 2023.**

Sincerely yours,

Calin Dragan

Representative Director & President

*Coca-Cola* **BOTTLERS JAPAN HOLDINGS INC.**

9-7-1 Akasaka, Minato-ku, Tokyo

### Matters Related to the Exercise of Voting Rights in Writing or via the Internet

#### Exercise of voting rights by **mail (writing)**

Please review the attached Reference Materials for General Meeting of Shareholders and indicate your approval or disapproval on the enclosed proxy voting form, and post it without affixing a postage stamp.



#### Voting deadline

**Votes must arrive by 5:45 p.m.,  
March 27 (Monday), 2023**

#### Exercise of voting rights via the **Internet**

Please exercise your voting rights by the deadline.

#### Voting deadline

**5:45 p.m.,  
March 27 (Monday), 2023**



If no indication of approval or disapproval is made on the voting form for a proposal, it will be treated as an indication of approval.

If you exercise your voting rights twice, both by writing and via the Internet, the voting via the Internet shall prevail. In case of multiple voting via the Internet or both through personal computer and smartphone, etc., the last voting shall prevail.

## MEETING AGENDA

<b>1. Date and Time</b>	10:00 a.m., March 28 (Tuesday), 2023 (Reception starts at 9:00 a.m.)	
<b>2. Venue</b>	Ho-Oh-No-Ma (2F), Tokyo Prince Hotel 3-3-1 Shibakoen, Minato-ku, Tokyo, Japan	
<b>3. Agenda</b>	<b>Items to be reported</b>	<ol style="list-style-type: none"> <li>1. Business report and consolidated financial statements for the fiscal year ended December 31, 2022 (January 1 to December 31, 2022); and audit reports of consolidated financial statements by Accounting Auditors and the Audit and Supervisory Committee</li> <li>2. Non-consolidated financial statements for the fiscal year ended December 31, 2022 (January 1 to December 31, 2022)</li> </ol>
	<b>Items to be proposed</b>	<p><b>Proposal No. 1</b> Appropriation of surplus</p> <p><b>Proposal No. 2</b> Partial amendments to Articles of Incorporation</p> <p><b>Proposal No. 3</b> Election of five (5) Directors (excluding Directors serving on the Audit and Supervisory Committee)</p> <p><b>Proposal No. 4</b> Election of four (4) Directors serving on the Audit and Supervisory Committee</p> <p><b>Proposal No. 5</b> Determination of the Amount and Details of the Long-Term Incentive (stock-based compensation) System for Executive directors</p>

- In the event of any modifications to the matters of Electronic Provisioning Measures, we will post the modifications on the respective websites where the information is posted.
- The following matters are posted on the Company's website as the matters to be provided electronically. They are not included in the document describing matters to be provided electronically, which is sent to shareholders who have requested delivery of the document in accordance with laws and ordinances and Article 16 of the Articles of Incorporation of the Company.
  - (1) "Main Businesses," "Major Locations, etc.," "Status of Employees," and "Major financial institutions providing loans to the Company" within "Current Status of the Coca-Cola Bottlers Japan Holdings Group" in the Business Report
  - (2) "Accounting Auditor," "The system to ensure business adequacy," and "Basic Policies on the Control of the Joint-stock Company" under "Current status of the Company" in the Business Report
  - (3) "Consolidated Statements of Changes in Equity" and "Notes to Consolidated Financial Statements" in Consolidated Financial Statements.
  - (4) "Non-consolidated Statement of Changes in Shareholders' Equity" and "Notes to Non-consolidated Financial Statements" in Non-consolidated Financial Statements.

Therefore, the contents described in the document on the matters of Electronic Provisioning Measures are part of the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the independent auditor when preparing the Independent Auditor's Report. Furthermore, they are part of the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Audit & Supervisory Committee in preparing the Audit Report.

The Company's Website

<https://www.ccbj-holdings.com/>



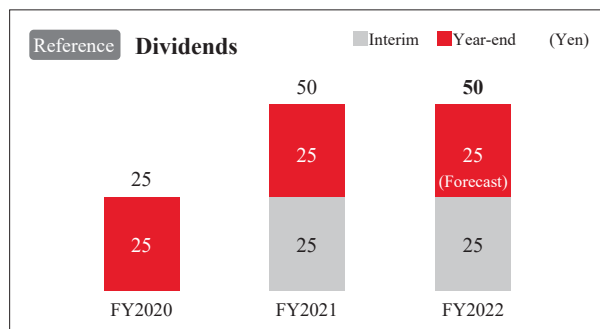
## Reference Materials for General Meeting of Shareholders

### Proposal No. 1: Appropriation of surplus

Although the business environment during the current fiscal year remained challenging, as it was in the previous fiscal year, we place the highest priority on paying stable dividends and thus propose the appropriation of surplus as described below.

#### Year-end dividends

<b>① Type of assets to be distributed</b>	Cash
<b>② Allotment of assets to be distributed and the total amount</b>	We propose to pay <b>25 yen</b> per share of the Company's common stock. In this case, the dividends will total <b>4,483,502,875 yen</b> . As a result, including interim dividends, annual dividends per share will be 50 yen per share.
<b>③ Effective date of the dividends of surplus</b>	We propose March 29, 2023 as the effective date of the dividends of surplus.



#### Dividend Policy

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

## Proposal No. 2: Partial amendments to Articles of Incorporation

### 1. Reasons for proposal

The “Act Partially Amending the Industrial Competitiveness Enhancement Act” (Act No. 70 of 2021) was enforced on June 16, 2021. The Act legally allows listed companies may hold a general meeting of shareholders without specifying a venue (so-called “virtual-only meeting of shareholders”). The Company believes that expanding the options for holding shareholders’ meetings in the future will make it easier for more shareholders, including those in remote areas, to attend shareholders’ meetings, thereby invigorating and improving the efficiency of shareholders’ meetings, and reducing risks associated with the spread of infectious diseases and large-scale disasters such as natural disasters. Therefore, the Company resolved to propose a partial amendment to Articles of Incorporation at FY2022 Ordinary General Meeting of Shareholders in order to provide an option to hold the General Meeting of Shareholders without specifying a venue.

If this proposal is approved and the amendments to the Articles of Incorporation become effective, the Company will give top priority to guaranteeing the rights of shareholders and will decide the way in which we hold each meeting by resolution of the Board of Directors following careful consideration, taking into consideration the Company’s and our shareholders’ situation.

The Company has received written confirmation from the Minister of Economy, Trade and Industry and the Minister of Justice, dated January 4, 2023, that the Company meets the requirements specified by the Ministry of Economy, Trade and Industry Ordinance and the Ministry of Justice Ordinance.

### 2. Details of proposed amendments

Details of the proposed amendments are as follows.

(Amended portions are underlined.)

Existing Articles of Incorporation	Proposed Amendments
Articles 1 to 12 (Omitted)	Articles 1 to 12 (Same as at present)
<u>(Convocation)</u> Article 13 The Ordinary General Meeting of Shareholders of the Company shall be convened within three months from the day following the last date of each fiscal year.	<u>(Convocation)</u> Article 13 The Ordinary General Meeting of Shareholders of the Company shall be convened within three months from the day following the last date of each fiscal year.
(Newly established)	<u>2. The Company’s General Meeting of Shareholders may be held without a designated location.</u>
Articles 14 to 34 (Omitted)	Articles 14 to 34 (Same as at present)



**Proposal No. 3:****Election of five (5) Directors (excluding Directors serving on the Audit and Supervisory Committee)**

All five (5) Directors (excluding Directors serving on the Audit and Supervisory Committee) will complete their terms at the end of this Ordinary General Meeting of Shareholders.

Therefore, we would like to request the election of five (5) Directors (excluding Directors serving on the Audit and Supervisory Committee).

The candidates for Directors (excluding Directors serving on the Audit and Supervisory Committee) are as follows:

No.	Name	Attributes	Current Position and Responsibility in the Company	
			Position	Responsibility
1	Calin Dragan	Reelection	Representative Director	President
2	Bjorn Ivar Ulgenes	Reelection	Representative Director	Vice President Chief Financial Officer (Head of Finance)
3	Hiroko Wada	Reelection Outside Independent	Outside Director	–
4	Hirokazu Yamura	Reelection Outside Independent	Outside Director	–
5	Celso Guiotoko	New election Outside Independent	Outside Director (Audit & Supervisory Committee Member)	–

**Reference: Guidelines and Procedures for the Nomination of Candidates for Directors**

- In nominating Internal Director candidates for the Company, the Company's Board of Directors makes decisions by appropriately evaluating the degree of their contribution and future potential, etc. based on the Company's evaluation system from an independent and objective perspective.
- In nominating Outside Director candidates, the Company's Board of Directors nominates those who are deemed likely to make a significant contribution to enhancing the Company's corporate value from an independent and objective perspective.
- In addition, in nominating candidates for Directors who will be Audit and Supervisory Committee members, the Company makes sure that it nominates at least one (1) candidate who has appropriate knowledge of finance and accounting.
- As for the current procedures for nominating Director candidates, the report of the Audit and Supervisory Committee that consists of only Outside Directors, half of whom are Independent Outside Directors, is respected, and decisions are made by the Board of Directors, the majority of whom are constituted by Independent Outside Directors. Thus, the Company believes that transparency and fairness are ensured.

Candidate **No. 1**

# Calin Dragan

Reelection

Date of birth: October 24, 1966, 56 years old



Relationship of special interest in the Company	No. of Company Shares Owned	Attendance at Board of Directors meetings
None	<b>6,396</b> *As of December 31, 2022	<b>7/7</b> *Attendance rate: 100%

## Brief Personal Profile, Position and Responsibility in the Company, and Significant Concurrent Positions

June	1993	Joined Coca-Cola Leventis
January	2000	Joined Coca-Cola Hellenic Bottling Company S.A.
January	2005	General Manager and Administrator in charge of Romania and Mordovian Republic, Coca-Cola Hellenic Bottling Company S.A.
July	2011	Executive Corporate Officer, Coca-Cola West Co., Ltd.
March	2012	Representative Director, Coca-Cola West Co., Ltd. Vice President, Coca-Cola West Co., Ltd.
July	2013	Representative Director & President, Coca-Cola East Japan Co., Ltd.
May	2017	Regional Director, The Coca-Cola Company Bottling Investments Group Regional Director, Coca-Cola Far East Limited
January	2018	President, The Coca-Cola Company Bottling Investments Group
March	2019	Executive Officer, Coca-Cola Bottlers Japan Holdings Inc. Executive Officer, Coca-Cola Bottlers Japan Inc. Representative Director, Coca-Cola Bottlers Japan Holdings Inc. (incumbent) President, Coca-Cola Bottlers Japan Holdings Inc. (incumbent) Representative Director, Coca-Cola Bottlers Japan Inc. (incumbent) President, Coca-Cola Bottlers Japan Inc.
January	2022	President & Chief Executive Officer, Coca-Cola Bottlers Japan Inc. (incumbent)

## Significant Concurrent Positions

Representative Director, President & Chief Executive Officer, Coca-Cola Bottlers Japan Inc.

### Reasons for nomination as candidate for Director

The Company requests the election of Calin Dragan as a Director because of his considerable experience as the Representative Director & President of Coca-Cola Bottling companies within Japan and gained at The Coca-Cola Company, his global business knowledge of Coca-Cola business operations, and how he has exercised leadership in his present position as a Senior General Manager of Business of the Company and Group, to utilize his ability and experience, etc. in the management of the Group.

Candidate **No. 2**

# Bjorn Ivar Ulgenes

Reelection

Date of birth: April 5, 1968, 54 years old



Relationship of special interest in the Company	No. of Company Shares Owned	Attendance at Board of Directors meetings
None	<b>2,558</b> *As of December 31, 2022	<b>7/7</b> *Attendance rate: 100%

## Brief Personal Profile, Position and Responsibility in the Company, and Significant Concurrent Positions

July	1997	Joined The Coca-Cola Company
August	2005	Finance Director, North & West Africa Business Unit, The Coca-Cola Company
May	2008	Finance Director & Executive Assistant to the Business Unit President, North & West Africa Business Unit, The Coca-Cola Company
June	2009	GM Innovation & EA, North & West Africa Business Unit, The Coca-Cola Company
February	2010	Senior Vice President Finance, The Coca-Cola (Japan) Co., Ltd.
January	2013	Finance Director, Central, East & West Africa Group, The Coca-Cola Company
April	2016	Deputy Finance Director, Europe, Middle East & Africa (EMEA) Group, The Coca-Cola Company
October	2018	Senior Executive Officer, Head of Finance, Coca-Cola Bottlers Japan Holdings Inc. Senior Executive Officer, Head of Finance, Coca-Cola Bottlers Japan Inc.
November	2018	Representative Director & President, Coca-Cola Bottlers Japan Sales Support Inc.
January	2019	Representative Director & President, Coca-Cola Bottlers Japan Business Services Inc.
February	2019	Executive Officer, Coca-Cola Bottlers Japan Holdings Inc. Executive Officer, Coca-Cola Bottlers Japan Inc.
March	2019	Representative Director, Coca-Cola Bottlers Japan Holdings Inc. (incumbent) Vice President, Chief Financial Officer (Head of Finance), Coca-Cola Bottlers Japan Holdings Inc. (incumbent) Representative Director, Coca-Cola Bottlers Japan Inc. (incumbent) Vice President, Chief Financial Officer (Head of Finance), Coca-Cola Bottlers Japan Inc.
December	2019	Representative Director & Chairman, Q'SAI CO., LTD.
January	2022	Vice President & Chief Financial Officer and Head of Finance, Coca-Cola Bottlers Japan Inc. (incumbent)

## Significant Concurrent Positions

Representative Director, Vice President, Chief Financial Officer and Head of Finance, Coca-Cola Bottlers Japan Inc.  
Representative Director, Chairman and President of Coca-Cola Bottlers Japan Business Service Inc.

### Reasons for nomination as candidate for Director

The Company requests the election of Bjorn Ivar Ulgenes as a Director because of his considerable experience as the Representative Director, Vice President, Chief Financial Officer (Head of Finance) of the Company and gained at The Coca-Cola Company, his global business knowledge of Coca-Cola business operations, and because of how he has exercised leadership in his present position as a Senior General Manager of Business of the Company and Group, to utilize his ability and experience, etc. in the management of the Group.

# Candidate No. 3 Hiroko Wada

Date of birth: May 4, 1952, 70 years old

Reelection

Outside

Independent



Relationship of special interest in the Company	No. of Company Shares Owned	Attendance at Board of Directors meetings
None	- *As of December 31, 2022	7/7 *Attendance rate: 100%

## Brief Personal Profile, Position and Responsibility in the Company, and Significant Concurrent Positions

April	1977	Joined Procter & Gamble Sunhome Co., Ltd.
January	1998	Vice President, In charge of Corporate New Ventures, Asia, The Procter & Gamble Company (U.S.)
March	2001	Representative Director & President, Dyson Ltd.
April	2004	Representative Director, President & COO, Toys”R”Us-Japan, Ltd.
November	2004	Representative, Office WaDa (incumbent)
May	2009	Outside Director, Aderans Holdings Co., Ltd.
June	2016	Outside Director, Shimadzu Corporation (incumbent)
March	2019	Outside Director, Coca-Cola Bottlers Japan Holdings Inc. (incumbent) Outside Director (Audit & Supervisory Committee Member), Unicharm Corporation (incumbent)

## Significant Concurrent Positions

Representative, Office WaDa  
 Outside Director, Shimadzu Corporation  
 Outside Director (Audit & Supervisory Committee Member), Unicharm Corporation

## Reasons for nomination as candidate for Outside Director and overview of expected roles

The Company requests the election of Hiroko Wada as a Director (Outside Director) in the expectation that she will utilize, for the management of the Company, the considerable experience and global knowledge she has gained thus far as officer at The Procter & Gamble Company and as Representative Director at Dyson Ltd. and Toys”R”Us-Japan Ltd.

**Candidate No. 4****Hirokazu Yamura**

Date of birth: September 28, 1977, 45 years old

Reelection

Outside

Independent



Relationship of special interest in the Company	No. of Company Shares Owned	Attendance at Board of Directors meetings
Hirokazu Yamura is Representative Director & President of Michinoku Coca-Cola Bottling Co., Ltd. The Company has business relations in product trading, etc. with Michinoku Coca-Cola Bottling Co., Ltd. (Sales etc. 0.4% of the Company's net sales; Purchases etc. 0.3% of the net revenues of Michinoku Coca-Cola Bottling Co., Ltd.)	- *As of December 31, 2022	7/7 *Attendance rate: 100%

**Brief Personal Profile, Position and Responsibility in the Company, and Significant Concurrent Positions**

October	2006	Joined Michinoku Coca-Cola Bottling Co., Ltd.
February	2009	Director, Michinoku Coca-Cola Bottling Co., Ltd.
March	2012	Managing Director, Michinoku Coca-Cola Bottling Co., Ltd.
March	2013	Senior Managing Director, Michinoku Coca-Cola Bottling Co., Ltd.
March	2014	Representative Director & President, Michinoku Coca-Cola Bottling Co., Ltd. (incumbent)
March	2020	Outside Director, Coca-Cola Bottlers Japan Holdings Inc. (incumbent)

**Significant Concurrent Positions**

Representative Director &amp; President, Michinoku Coca-Cola Bottling Co., Ltd.

**Reasons for nomination as candidate for Outside Director and overview of expected roles**

The Company requests the election of Hirokazu Yamura as a Director (Outside Director) in expectation that he will utilize, for the management of the Company, the considerable experience and knowledge he has gained in management and as Representative Director & President at Michinoku Coca-Cola Bottling Co., Ltd.

Candidate **No. 5**

**Celso Guiotoko**

Date of birth: January 3, 1959, 64 years old

New election

Outside

Independent



Relationship of special interest in the Company	No. of Company Shares Owned	Attendance at Board of Directors meetings
None	- *As of December 31, 2022	7/7 *Attendance rate: 100%

#### Brief Personal Profile, Position and Responsibility in the Company, and Significant Concurrent Positions

December	1983	Joined Banco Bradesco SA
January	1985	Senior Manager, Arthur Andersen (Accenture)
March	1996	System Director, Toshiba America Electronic Components, Inc.
December	1997	Solution Service Vice President, i2 Technologies Japan, Inc.
May	2004	Vice President & CIO (Chief Information Officer), Nissan Motor Co., Ltd.
April	2006	Corporate Vice President & CIO, Nissan Motor Co., Ltd.
April	2014	Senior Corporate Vice President & CIO, Nissan Motor Co., Ltd.
June	2017	Statutory Auditor, Nissan Motor Co., Ltd. *Guiotoko has resigned from the office as Statutory Auditor of Nissan Motor Co., Ltd. as of May 11, 2018.
March	2019	Outside Director (Audit & Supervisory Committee Member), Coca-Cola Bottlers Japan Holdings Inc. (incumbent) Executive Officer and Global Chief Digital Officer, Nishimoto Co., Ltd.
March	2020	Director and Global Chief Digital Officer, Nishimoto Co., Ltd. (incumbent)

#### Significant Concurrent Positions

Director and Global Chief Digital Officer, Nishimoto Co., Ltd.

#### Reasons for nomination as candidate for Outside Director

The Company requests the election of Celso Guiotoko as a Director (Outside Director) in the expectation that he will utilize, for the management of the Company, the considerable experience and global knowledge he has gained thus far at Nissan Motor Co., Ltd. (“Nissan”) as well as Nishimoto Co., Ltd..

Notes:

1. Company names listed in the personal profile reflect business names at time of employment.
2. The Company has entered into officers' liability insurance agreements with Calin Dragan, Bjorn Ivar Ulgenes, Hiroko Wada, Hirokazu Yamura and Celso Guiotoko as insureds, whose insurance premiums are fully borne by the Company, and if their elections are approved, said agreements shall be renewed. The agreement will outline that, in the event of a claim for damages by a shareholder, the Company, an employee or another third party during the insurance period arising from an act done by the insureds in relation to their work as the Company's officers, such compensation for damages and legal expenses, etc. shall be compensated.
3. The Company has entered into agreements for limitation of liability with Hiroko Wada, Hirokazu Yamura and Celso Guiotoko, and if their elections are approved, said agreements shall remain in effect. The agreement will outline that in cases where the Directors (excluding Executive Directors, etc.) have caused damages to the Company due to non-performance of their duties and yet they are bona fide and there is no gross negligence from them in performing their duties, they shall be liable for the damages to the limit of minimum liability set forth in Article 425, Paragraph 1 of the Companies Act.
4. Hiroko Wada, Hirokazu Yamura and Celso Guiotoko are candidates for Outside Director.
  - (1) Shimadzu Corporation, for which Hiroko Wada serves as an Outside Director, announced that its subsidiary Shimadzu Medical Systems Corporation had been found to have engaged in inappropriate conduct related to maintenance and inspection services for X-ray equipment installed at medical institutions with which the company does business in September 2022. In February 2023, the Company announced that it would promptly formulate and implement specific measures to prevent recurrence, based on an analysis of the causes and recommendations regarding the measures to prevent recurrence from an external investigation committee.

Hiroko Wada has fulfilled her responsibilities such as by providing regular suggestions from the standpoint of legal compliance at the Board of Directors meetings, etc. In addition, after becoming aware of these problems, she has fulfilled her responsibilities such as by providing suggestions of ensuring legal compliance and making recommendations as appropriate for efforts to prevent recurrence.
  - (2) Following indications relating to non-conformities in the final vehicle inspections process made on September 18, 2017 by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) during an on-site inspection of the Nissan Shatai Co., Ltd.'s Shonan Plant, Nissan Motor Co., Ltd. (NML), where Celso Guiotoko served as Statutory Auditor until May 11, 2018, provided a report to the MLIT on November 17, 2017 on "A Detailed Fact-Finding Investigation on the Past Operating Conditions of the Non-Conforming Final Vehicle Inspections and an Evaluation of Recurrence Prevention Policy."

Thereafter, after receiving operational improvement orders from the MLIT on March 26, 2018, on July 9, 2018, NML publicly disclosed the fact that it had discovered non-conformities including deviations in the testing environment and the rewriting of measured values in some of the emission gas and fuel consumption measurement tests performed during the final vehicle inspections.

Furthermore, on December 10, 2018, NML and its two former directors were indicted for violations of the Financial Instruments and Exchange Act (a crime of submitting a false securities report) regarding the description of executive compensation and they were convicted on March 3, 2022. In addition to this, a former director of NML has been indicted for violating the Companies Act (Crime of an Aggravated Breach of Trust).

Celso Guiotoko was not aware of these problems until these facts came to light, but was providing regular suggestions from the standpoint of legal compliance at the Board of Directors meetings, etc. He has fulfilled his responsibilities such as by directing the thorough investigation of the said facts and the prevention of recurrence.
  - (3) Hiroko Wada, Hirokazu Yamura and Celso Guiotoko are incumbent Outside Directors of the Company. At the conclusion of this General Meeting of Shareholders, Hiroko Wada and Celso Guiotoko have assumed the office as Outside Director for four (4) years, and Hirokazu Yamura has assumed the office as Outside Director for three (3) years.
  - (4) The Company has submitted a notice to Tokyo Stock Exchange, Inc., on which the Company is listed, that Hiroko Wada, Hirokazu Yamura and Celso Guiotoko are "Independent Directors" in accordance with the rules, etc. of the said securities exchange. If their elections are approved, they will continue to be Independent Directors.

## Proposal No. 4: Election of four (4) Directors serving on the Audit and Supervisory Committee

Shinji Irial Finan, Celso Guiotoko, Nami Hamada, and Vamsi Mohan Thati, Directors serving on the Audit and Supervisory Committee, will complete their terms at the end of this Ordinary General Meeting of Shareholders.

Therefore, we would like to request the election of four (4) Directors serving on the Audit and Supervisory Committee.

We have obtained the consent of the Audit and Supervisory Committee in connection with this proposal.

The candidates for Directors serving on the Audit and Supervisory Committee are as follows:

No.	Name	Attributes	Current Position in the Company
1	Hiroshi Yoshioka	New election Outside Independent	Outside Director
2	Nami Hamada	Reelection Outside Independent	Outside Director (Audit & Supervisory Committee Member)
3	Sanket Ray	New election Outside	–
4	Stacy Apter	New election Outside	–

### Reference: Guidelines and Procedures for the Nomination of Candidates for Directors

- In nominating candidates for internal Directors of the Company, the Company will judge the level of contribution and the future potential of the candidates based on the Company's evaluation system.
- Furthermore, in nominating candidates for Outside Directors, the Company will nominate persons that it judges they are expected to largely contribute to increasing the Company's corporate value.
- Moreover, in nominating candidates for Directors serving on the Audit and Supervisory Committee, at least one of the candidates must be a person with suitable knowledge regarding finance and accounting.
- Furthermore, the nomination procedures for candidates for Directors will be decided at a Board of Directors meeting. The Company is a "company with an Audit and Supervisory Committee" with an Audit and Supervisory Committee which is composed entirely of Outside Directors, including multiple Independent Outside Directors, and, with a Board of Directors where multiple constituent members are Independent Outside Directors. We judge that this system ensures fairness and transparency.



# Candidate No. 1 Hiroshi Yoshioka

New election

Outside

Independent

Date of birth: October 26, 1952, 70 years old



Relationship of special interest in the Company	No. of Company Shares Owned	Attendance at Board of Directors meetings	Attendance at Audit and Supervisory Committee meetings
None	<b>2,974</b> *As of December 31, 2022	<b>7/7</b> *Attendance rate: 100%	-

## Brief Personal Profile, Position and Responsibility in the Company, and Significant Concurrent Positions

April	1975	Joined Japan Radio Co., Ltd.
January	1979	Joined Sony Corporation
October	2001	Representative Director and President, Sony Ericsson Mobile Communications Corporation
April	2003	CVP, Sony Ericsson Mobile Communications Corporation AB
November	2005	Corporate Executive, SVP, Sony Corporation
April	2008	Corporate Executive, EVP, Sony Corporation
April	2009	Executive Deputy President Officer, Sony Corporation *Has resigned from the office as Executive Deputy President Officer of Sony Corporation as of December 31, 2012.
July	2013	Outside Director, Coca-Cola East Japan Co., Ltd.
April	2017	Outside Director, Coca-Cola Bottlers Japan Inc.
January	2018	Outside Director, Coca-Cola Bottlers Japan Holdings Inc. (incumbent)

## Significant Concurrent Positions

No significant concurrent positions to note.

### Reasons for nomination as candidate for Outside Director and overview of expected roles

Hiroshi Yoshioka has considerable experiences and global expertise gained at the Coca-Cola bottling company in Japan and Sony Corporation. Based on his extensive experience as a corporate executive, he is expected to provide advice on all areas including decision making related to important managerial decisions, handling of expected risks and the internal control system, and the Company hereby requests the election of Yoshioka as a Director serving on the Audit and Supervisory Committee (Outside Director).

# Candidate No. 2 Nami Hamada

Date of birth: August 3, 1964, 58 years old

Reelection

Outside

Independent



Relationship of special interest in the Company	No. of Company Shares Owned	Attendance at Board of Directors meetings	Attendance at Audit and Supervisory Committee meetings
None	-	7/17	5/5
	*As of December 31, 2022	*Attendance rate: 100%	*Attendance rate: 100%

## Brief Personal Profile, Position and Responsibility in the Company, and Significant Concurrent Positions

July	1992	Joined Lehman Brothers Holdings Inc.
October	1996	Vice President, Lehman Brothers Japan Inc.
June	1999	Senior Vice President, Lehman Brothers Japan Inc.
May	2004	Representative Director, HDH Advisors Japan Limited.
December	2006	Principal, HDH Capital Management Pte Ltd. (Former Company Name: HDH Advisors)
March	2009	Founder, Managing Director, Mile High Capital Inc. (incumbent)
August	2017	Director, Ecoplexus Japan K.K.
February	2019	Chief Operating Officer, Vesper Group Japan K.K.
March	2019	Outside Director (Audit & Supervisory Committee Member), Coca-Cola Bottlers Japan Holdings Inc. (incumbent)
May	2020	Outside Director (Audit Committee Member), MetLife Insurance K.K.
June	2022	Outside Director (Audit Committee Member, Nominating Committee Member, Compensation Committee Member), MetLife Insurance K.K. (incumbent)
June	2022	Outside Director, Shimadzu Corporation (incumbent)

## Significant Concurrent Positions

Founder, Managing Director, Mile High Capital Inc.  
 Outside Director (Audit Committee Member, Nominating Committee Member, Compensation Committee Member),  
 MetLife Insurance K.K.

### Reasons for nomination as candidate for Outside Director

Nami Hamada has considerable experiences on Finance and Accounting gained as a proprietor of her own finance consulting company and considerable experiences and global expertise gained as a corporate executive at Lehman Brothers Japan Inc. and possesses management supervisory experience as Statutory Auditor at Shimadzu Corporation and MetLife Insurance K.K. Based on her extensive experience as a corporate executive and her expertise in the field of finance, she is expected to provide advice as a Director serving on the Audit and Supervisory Committee on all areas including decision making related to important managerial decisions, handling of expected risks and the internal control system, and the Company hereby requests the election of Hamada as a Director serving on the Audit and Supervisory Committee (Outside Director).

# Candidate No. 3 Sanket Ray

New election

Outside

Date of birth: April 25, 1973, 49 years old



Relationship of special interest in the Company	No. of Company Shares Owned	Attendance at Board of Directors meetings	Attendance at Audit and Supervisory Committee meetings
<p>Sanket Ray is President of India and Southwest Asia, The Coca-Cola Company. The Company has entered into contracts for manufacturing and sales of Coca-Cola and other products and use of trademarks, etc. with The Coca-Cola Company.</p>	<p>—</p> <p>*As of December 31, 2022</p>	<p>—</p>	<p>—</p>

## Brief Personal Profile, Position and Responsibility in the Company, and Significant Concurrent Positions

	2004	Joined The Coca-Cola Company
	2005	Joined HINDUSTAN COCA-COLA BEVERAGES PRIVATE LIMITED (INDIA)
August	2016	CEO, COCA-COLA BEVERAGES VIETNAM LIMITED
January	2019	Chief Operating Officer for mainland China, The Coca-Cola Company
November	2020	President of India and Southwest Asia, The Coca-Cola Company (incumbent)

## Significant Concurrent Positions

President of India and Southwest Asia, The Coca-Cola Company

### Reasons for nomination as candidate for Outside Director

Sanket Ray is President of India and Southwest Asia, The Coca-Cola Company, who has demonstrated strong leadership in mainly commercial at The Coca-Cola Company and has considerable management experiences as a manager at business units in the Asia region. Based on his extensive experience as a global corporate executive, he is expected to provide advises as a Director serving on the Audit and Supervisory Committee on all areas including decision making related to important managerial decisions, handling of expected risks and the internal control system, and the Company hereby requests the election of Ray as a Director serving on the Audit and Supervisory Committee (Outside Director).

# Candidate No. 4 Stacy Apter

New election

Outside

Date of birth: July 14, 1966, 56 years old



Relationship of special interest in the Company	No. of Company Shares Owned	Attendance at Board of Directors meetings	Attendance at Audit and Supervisory Committee meetings
Stacy Apter is Vice President, Treasurer and Corporate Finance, The Coca-Cola Company. The Company has entered into contracts for manufacturing and sales of Coca-Cola and other products and use of trademarks, etc. with The Coca-Cola Company.	— *As of December 31, 2022	—	—

## Brief Personal Profile, Position and Responsibility in the Company, and Significant Concurrent Positions

	2005	Joined The Coca-Cola Company
May	2018	Director, Treasury, The Coca-Cola Company
July	2018	Assistant Treasurer, The Coca-Cola Company
October	2018	Chief of Staff to the Chairman and CEO, The Coca-Cola Company
January	2021	Deputy Treasurer, The Coca-Cola Company
March	2021	Vice President & Treasurer, The Coca-Cola Company
October	2022	Vice President, Treasurer and Corporate Finance, The Coca-Cola Company (incumbent)

## Significant Concurrent Positions

Vice President, Treasurer and Corporate Finance, The Coca-Cola Company

### Reasons for nomination as candidate for Outside Director

Stacy Apter is Vice President, Treasurer and Corporate Finance, The Coca-Cola Company, who has demonstrated strong leadership and support to the Board of Directors, particularly in a variety of fields such as global financial risk oversight and enterprise risk management at The Coca-Cola Company. Based on her extensive experience in the financial and risk management field, she is expected to provide advises as a Director serving on the Audit and Supervisory Committee on all areas including decision making related to important managerial decisions, handling of expected risks and the internal control system, and the Company hereby requests the election of Apter as a Director serving on the Audit and Supervisory Committee (Outside Director).

Notes:

1. Company names at each time of occurrences are described within the Brief Personal Profile.
2. Currently, the Company has concluded officers' liability insurance agreements with Hiroshi Yoshioka and Nami Hamada as insureds, whose insurance premiums are fully borne by the Company, and if their elections are approved, said agreements shall be renewed. In addition, if the election of Sanket Ray and Stacy Apter are approved, the Company plans to conclude the said agreement with them as an insured. The agreement will outline that, in the event of a claim for damages by a shareholder, the Company, an employee or another third party during the insurance period arising from an act done by the insureds in relation to their work as the Company's officers, such compensation for damages and legal expenses, etc. shall be compensated.
3. Currently, the Company has concluded agreements for limitation of liability with Hiroshi Yoshioka and Nami Hamada, and if their elections are approved, said agreements shall remain in effect. In addition, if the election of Sanket Ray and Stacy Apter are approved, the Company plans to conclude the said agreement with them. The agreement will outline that in cases where the Directors (excluding Executive Directors, etc.) have caused damages to the Company due to non-performance of their duties and yet they are bona fide and there is no gross negligence from them in performing their duties, they shall be liable for the damages to the limit of minimum liability set forth in Article 425, Paragraph 1 of the Companies Act.
4. Hiroshi Yoshioka, Nami Hamada, Sanket Ray and Stacy Apter are candidates for Outside Director.
  - (1) Shimadzu Corporation, where Nami Hamada was appointed as an Outside Director as of June 28, 2022, announced that its subsidiary Shimadzu Medical Systems Corporation had been found to have engaged in inappropriate conduct related to maintenance and inspection services for X-ray equipment installed at medical institutions with which the company does business in September 2022. In February 2023, the Company announced that it would promptly formulate and implement specific measures to prevent recurrence, based on an analysis of the causes and recommendations regarding the measures to prevent recurrence from an external investigation committee.

Nami Hamada has fulfilled her responsibilities such as by providing regular suggestions from the standpoint of legal compliance at the Board of Directors meetings, etc. In addition, after becoming aware of these problems, she has fulfilled her responsibilities such as by providing suggestions of ensuring legal compliance and making recommendations as appropriate for efforts to prevent recurrence.
  - (2) Hiroshi Yoshioka and Nami Hamada are incumbent Outside Directors of the Company. At the conclusion of this General Meeting of Shareholders, Hiroshi Yoshioka has assumed the office as Outside Director for six (6) years, Nami Hamada has assumed the offices as Outside Directors for four (4) years.
  - (3) The Company has submitted a notice to Tokyo Stock Exchange, Inc., on which the Company is listed, that Hiroshi Yoshioka and Nami Hamada are "Independent Directors" in accordance with the rules, etc. of the said securities exchange. If their re-elections are approved, they will continue to be Independent Directors.

**Proposal No. 5:****Determination of the Amount and Details of the Long-Term Incentive (stock-based compensation) System for Executive directors****1. Reason for the proposal and reason for considering the compensation to be reasonable**

The compensation of the Company's Directors ((excluding Directors who are Audit and Supervisory committee members and Outside Directors, hereinafter referred to as "Executive Directors") consists of base salary, annual bonus, reserved retirement payment, Long-Term Incentive (stock-based compensation), (Performance Share Unit plan (hereinafter referred to as "PSU")) and "Restricted Stock Unit plan (hereinafter referred to as "RSU"))". This proposal requests that "Long-Term Incentive (stock-based compensation)" be introduced as a new Long-Term Incentive (stock-based compensation) plan ("the Plan") under which the Company's shares will be acquired by a trust established by the Company with money contributed by the Company and the Company's shares will be vested to the Executive Directors. The specific performance-linked structure and other details of the Plan are set up to succeed the details of the stock-based compensation plan approved at the FY2020 Ordinary General Meeting of Shareholders held on March 25, 2021 (hereinafter referred to as the "Former Stock-Based Compensation Plan"). The details are as described in "2. Amount and Details of Compensation, etc. under the Plan" below.

The Company will abolish the Former Stock-Based Compensation Plan on the condition that this proposal is approved and passed as originally proposed, but with respect to those whose applicable period has not elapsed under the Former Stock-Based Compensation Plan and whose shares have not been vested after the expiration of the applicable period, as a transitional measure from the Former Stock-Based Compensation Plan, subject to the Plan is launched, Shares equivalent to the standard amount calculated under the Former Stock-Based Compensation Plan or the number of common shares of the Company scheduled to be vested and cash equivalent to the realizable value of the Company's share will be vested or paid from the Plan.

The Company's "Decision Policy for Director Compensation, etc." as stated on the Business Report "3. (2) Officer compensation, etc.", stipulates that "compensation level and structure that enable hiring and retaining high-quality talents from the perspective of diverse nationalities and experiences" and "compensation composition ratio emphasizing performance-linked compensation, resulting in providing sufficient incentives for profitable growth". This proposal is also supposed to be appropriate because the content of the Plan was established based on this policy and aims to share the benefits and risks of stock price fluctuations with shareholders, to increase the motivation to contribute to the medium- to long-term improvement of corporate value and stock price increases, and to strengthen the retention of talent rich in diversity.

This proposal is seeking approval on granting stock-based compensation in a separate frame from the cash compensation limit (up to 850 million yen per year) for the Directors (excluding Directors who are Audit and Supervisory Committee Members) approved at the FY2019 Ordinary General Meeting of Shareholders held on March 26, 2020.

If proposal No. 3, "Election of five (5) Directors (excluding Directors serving on the Audit and Supervisory Committee)" is approved and passed as originally proposed, the number of Directors excluding Directors who are Audit and Supervisory Committee Members covered by this system will be five (of which Executive Directors are two).

## 2. Amount and content of compensation, etc. under the Plan

### (1) Outline of the Plan

The Plan applies to Executive Directors (hereinafter referred to as “Eligible Directors”) who are subject to the System. Shares of the Company are acquired through a trust established by the Company using money contributed by the Company as compensation, and the Eligible Directors will be vested the Company’s shares and money equivalent to the exchange price of the Company’s shares (hereinafter referred to as “Company Shares, etc.”). (hereinafter referred to as “Vesting, etc.”). (Details are described in (2) below.)

Items	Outline of the contents of the Plan
1) Subject to the vesting of the Company’s Shares, etc. subject to the Plan	<ul style="list-style-type: none"> <li>● Executive Director of the Company</li> </ul>
2) Impact of the Company’s shares subject to this proposal on the total number of issued shares	
Maximum amount of money contributed by the Company (As described in (2) below.)	<ul style="list-style-type: none"> <li>● 2,880 million yen for the three fiscal years</li> <li>● However, as a transitional measure from the Former Stock-Based Compensation Plan, a separate contribution of up to 848 million yen will be made.</li> </ul>
Maximum number of shares of the Company vested to Eligible Directors (As described in (3) below.)	<ul style="list-style-type: none"> <li>● The upper limit of the total number of Company Shares, etc. to be vested to Eligible Directors for the three fiscal years is equivalent to 1,800,000 points (1,800,000 shares when converted 1 point to one share of the Company’s common stock).</li> <li>● The ratio versus total number of issued shares (as of December 31, 2022. After deduction of treasury stock) will be approximately 0.33% per fiscal year when converted 1 point to one share of the Company’s common stock</li> <li>● Up to 530,000 points (530,000 shares when converted 1 point to 1 share of the Company’s common stock) will be granted separately as a transitional measure from the Former Stock-Based Compensation Plan for the fiscal year to be ended as of December 31, 2023 only.</li> </ul>
<p>Note: The “upper limit on the amount of money to be contributed by the Company” and the “upper limit on the number of shares, etc. of the Company to be vested to the Eligible Directors” are set with an eye on the upper limit of fluctuations in the Performance Share Unit (PSU), that is, the degree of achievement of the highest performance, and not all of them are vested as compensation. In the event of poor performance, compensation under the Performance Share Unit (PSU) system is significantly reduced.</p>	
3) Method of acquiring the Company’s shares (As described in (2) below.)	<ul style="list-style-type: none"> <li>● Acquired from the stock market or from the Company</li> </ul>
4) Details of performance achievement conditions (As described in (3) below.)	<ul style="list-style-type: none"> <li>● Varies from 0% to 150% depending on the degree of achievement of performance targets (ROE, sales, etc.) during the applicable period</li> </ul>
5) Timing of vesting of the Company’s Shares, etc. (As described in (4) below.)	<ul style="list-style-type: none"> <li>● Equivalent to the “Performance Share Unit (PSU)” = In principle, vesting, etc. after the expiration of the applicable period</li> <li>● Equivalent to the “Restricted Stock Unit (RSU)” = In principle, vesting is provided when the Eligible Directors retires</li> </ul>

(2) Maximum amount of money contributed by the Company

The trust period of the Plan is three years from May 2023 (planned) to May 2026 (planned).

The Company shall contribute up to 2,880 million yen in trust money for the trust period as compensation to the Eligible Directors and shall make a trust in which the Eligible Directors who meet the beneficiary requirements are the beneficiaries (hereinafter referred to as “the Trust”).

However, for the initial trust period, in addition to the trust fund up to 2,880 million yen, the Company will contribute up to 848 million yen as the source of funds for the acquisition of shares related to the points to be granted as a transitional measure from the Former Stock-Based Compensation Plan and establish the Trust as compensation to the Eligible Directors.

The Trust acquires the Company’s shares on the stock market or from the Company using the money held in the trust in accordance with the instructions of the Trust administrator. During the trust period, the Company shall grant points to the Eligible Directors (as described in (3) below). The Trust will vest shares of the Company equivalent to points.

At the expiration of the trust period, the Trust may be continued by changing the trust agreement in place of establishing a new Trust. In that case, the trust period of the Trust will be extended for the same period as the initial trust period, and the Company will make additional contributions to the extended trust period within a total of 2,880 million yen and will continue to grant points to the Eligible Directors and vest the Company’s Shares, etc. during the extended trust period. However, that the Company’s shares remaining in the trust assets as of the last day of the trust period prior to the extension (excluding shares of the Company equivalent to points granted to the Eligible Directors that have not been vested, etc.) and money (hereinafter referred to as “Residual Shares, etc.”). The total amount of remaining shares, etc. and the additional trust amount shall be within the range of 2,880 million yen. This extension of the trust period is not limited to one time, and the trust period may be re-extended thereafter.

In addition, even in the event of termination of the Trust, if an Eligible Director who may satisfy the beneficiary requirements is in office at the expiration of the trust period, the Trust may not be terminated immediately, but the trust period may be extended until the Eligible Director retires and the vesting of the Company’s Shares, etc. is completed. However, in that case, no new points will be granted to the Eligible Directors.

(3) Method and upper limit of the number of Company’s Shares, etc. to be vested to the Eligible Directors

The Plan consists of a Performance Share Unit (PSU) and a Restricted Stock Unit (RSU). The number of shares of the Company to be vested, etc. shall be determined as one share of the Company’s common stock per point according to the number of points calculated in accordance with the following point calculation formulas for PSU and RSU. However, if an event occurs during the trust period in which it is deemed fair to adjust points such as a stock split or reverse stock split of the Company’s shares, the number of shares of the Company per point will be adjusted according to the split ratio, reverse split, etc.

In addition, the Plan is available for three consecutive fiscal years (hereinafter referred to as the “Applicable Period”. The initial target period is three fiscal years, from the fiscal year ending December 31, 2023 to the fiscal year ending December 31, 2025. After the fiscal year ending on December 31, 2023, the Company plans to continue the Plan for three consecutive fiscal years at the beginning of each new fiscal year, to the extent approved by the General Meeting of Shareholders).



### **1) Performance Share Unit (PSU)**

After the start of each Applicable Period, base points are awarded, and after the end of the Applicable Period, “Performance-Linked Points” are granted, which are calculated based on the degree of achievement of performance targets for the Applicable Period.

« Calculation formula for Performance-Linked Points »

Base points (base amount by roles and responsibilities ÷ stock price\*<sup>1</sup>) × performance-linked coefficient\*<sup>2</sup>

### **2) Restricted Stock Unit Plan (RSU)**

After the start of each Applicable Period, “Fixed Points” will be granted according to the size of roles and responsibilities of the Eligible Directors calculated based on the following point calculation formula.

« “Fixed Point” calculation formula »

Base amount by roles and responsibilities ÷ stock price\*<sup>1</sup>

\*1 Average closing price of the Company’s common stock on the Tokyo Stock Exchange, Inc. in the previous month with the calculation date shall be the day before the date of the Ordinary General Meeting of Shareholders of the Company held in the first fiscal year of each target period.

\*2 The performance-linked coefficient varies between 0% and 150% depending on the achievement of performance targets (ROE and sales) during the Applicable Period.

However, the total number of points granted to Eligible Directors for each Applicable Period shall be limited to 1,800,000 points. Therefore, the total number of shares of the Company acquired by the Trust is limited to the number of shares corresponding to such number of points.

However, in the fiscal year to be ended as of December 31, 2023, points will be granted separately up to a maximum of 530,000 points as a transition measure from the Former Stock-Based Compensation Plan. Therefore, the total number of shares to be acquired by the Trust to be acquired by the Trust initially established is limited to the number of shares (530,000 shares) equivalent to the total number of points granted for each Applicable Period plus the total number of points to be granted as a transitional measure from PSU and RSU.

The upper limit of the number of shares to be acquired is set with reference to past stock prices, etc., based on the upper limit of trust funds in (2) above, and is judged to be appropriate based on the current level of compensation granted to the Company’s Executive Directors, trends, and prospects in the number of Executive Directors of the Company, and the Company’s stock price level.

(4) Timing of vesting of the Company's Shares, etc. to the Eligible Directors

**1) Performance Share Unit (PSU)**

In principle, the timing of the vesting of the Company's Shares, etc. related to PSU will be after the end of the Applicable Period.

Eligible Directors who meet the beneficiary requirements shall be vested Company shares in accordance with the Performance-Linked Points calculated in accordance with (3) above after the end of the Applicable Period in principle. In this case, the Eligible Directors shall be vested shares of the Company equivalent to a certain percentage of the Performance-Linked Points, and the number of shares of the Company equivalent to the remaining Performance-Linked Points shall be exchanged within the Trust and receive a monetary benefit equivalent to the exchange disposal amount.

**2) Restricted Stock Unit Plan (RSU)**

In principle, the timing of the vesting of the Company's Shares, etc. in connection with RSU is upon retirement of the Eligible Director.

In principle, the Eligible Director who satisfies the beneficiary requirements shall receive the vesting of the Company's Shares, etc. in accordance with the Fixed Points calculated in accordance with (3) above upon the retirement from the Eligible Director. In this case, the Eligible Director shall be vested shares of the Company equivalent to a certain percentage of the Fixed Points, and the number of shares of the Company corresponding to the remaining percentage shall be exchanged for value within the Trust and receive a monetary benefit equivalent to the exchange disposal proceed.

(5) Mars and Claw Back System in the Plan

In the event of a serious fraud or violation of the Eligible Directors, the Eligible Directors may confiscate the beneficial rights of the shares to be vested under the Plan (malus) and demand the return of money equivalent to the vested shares, etc. (claw back).

(6) Voting rights related to the Company's shares

To ensure neutrality in management, voting rights shall not be exercised for the Company's shares in the Trust during the applicable period.

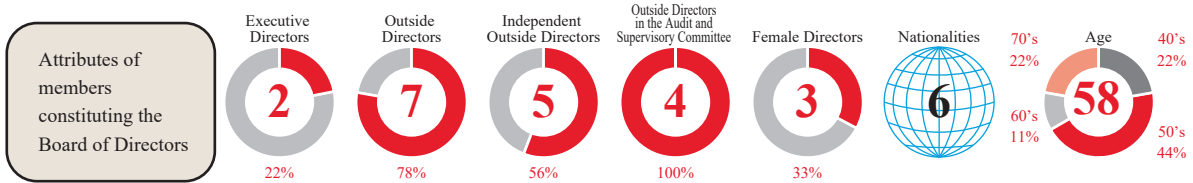
(7) Other details of the Plan

Other matters related to the Plan shall be determined by the Board of Directors.

END

## <Reference> Skill Matrix

- If proposals No. 3 and No. 4 are approved and resolved as originally proposed, the attributes, expertise and experience of the members constituting the Company's Board of Directors are as stated below. The Company believes that its Board of Directors has necessary skills as a whole.
- The Skill Matrix does not represent all the skills possessed by each candidate for director.



Name	Current Status and Responsibility, etc. in the Company	Expertise				
		Corporate Management	Global Business	Food and Beverage Industry	Finance / Audit	Sustainability / CSV
Calin Dragan	Representative Director & President	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		
Bjorn Ivar Ulgenes	Representative Director, Vice President, Chief Financial Officer (Head of Finance)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
Hiroko Wada	Outside Director (Independent Officer)	<input type="radio"/>	<input type="radio"/>			<input type="radio"/>
Hirokazu Yamura	Outside Director (Independent Officer)	<input type="radio"/>		<input type="radio"/>		<input type="radio"/>
Celso Guiotoko	Outside Director (Independent Officer)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
Hiroshi Yoshioka	Outside Director (Audit and Supervisory Committee member) (Independent Officer)	<input type="radio"/>	<input type="radio"/>			<input type="radio"/>
Nami Hamada	Outside Director (Audit and Supervisory Committee member) (Independent Officer)	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	
Sanket Ray	Outside Director (Audit and Supervisory Committee member)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		
Stacy Apter	Outside Director (Audit and Supervisory Committee member)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	

Reference: Criteria for Directors' Skills

- The Company shall make decisions on the expertise and experiences of Directors based on the following criteria.

Category	Applicable Criteria for Expertise to be Indicated by ○ in the Above Chart
Corporate Management	- A person who has experience as a Representative (CEO, etc.) or a Chief Operating Officer (COO, etc.).
Global Business	- A person who has knowledge in global business as a person holding a managerial position equivalent to or higher than Department Manager or a person who has similar knowledge thereto.
Food and Beverage Industry	- A person who has experience holding a position equivalent to or higher than Department Manager at a company handling food and beverage or a person who has knowledge similar thereto.
Finance / Audit	- A person who has experience holding a position equivalent to or higher than Department Manager in a Finance and Accounting Department, or a person who has knowledge similar thereto. - A person who has a national qualification for finance or accounting, etc., such as a certified public accountant.
Sustainability / CSV	- A person who has experience holding a position equivalent to or higher than Department Manager of Sustainability or CSV Department, or a person who has knowledge similar thereto.

END

# **Business Report**

**(From January 1 to December 31, 2022)**

## **1. Current Status of the Coca-Cola Bottlers Japan Group**

### **(1) Business Progress and Results**

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

In this fiscal year, the total domestic nonalcoholic ready-to-drink (NARTD) beverage industry volume is estimated to have grown by 4% versus the previous fiscal year. This was due to demand being supported by recovery in the number of people returning to the streets of Japan with the easing of COVID restrictions, revitalization of economic activity, and a record-breaking heat wave contributing to volume growth, while the price revisions implemented by various beverage companies impacted demand. On the other hand, the business environment remained uncertain and challenging as the severe competitive environment continued and rising commodity and utility prices, as well as the rapid acceleration of the yen’s depreciation impacted business and consumer behaviors.

Under these circumstances, we positioned 2022 as “The year of building a foundation for sustainable growth” and worked to build a foundation for steady and sustainable growth, as well as promote further transformation. In commercial activities, we grew 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, to respond to current cost pressures and to strengthen the earnings foundation for the future, we revised prices for our products ahead of the industry despite the continued severe competitive environment. For the price revisions, we have carefully negotiated with customers and made efforts to reflect revised prices as soon as possible, particularly for vending machines. In manufacturing and supply chain fields, while faced with rising commodity and utility prices, we have built 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. Although we experienced a surge in demand during the summer -the period of peak demand- coinciding with a recovery in traffic and the heat wave, our efforts resulted in a stable supply of products. We also worked to reduce costs through efficient use of manufacturing facilities and reviewing our distribution network.

We are realizing ESG targets that are based on creating shared value with society. To achieve our 2030 Package Vision, which aims for a World Without Waste, we have been working on the design aspects of product packaging, such as expanding the use of 100% recycled PET bottles and establishing a recycling scheme in collaboration with local governments and partner companies for the steady collection of high-quality packages. In addition, for further recycling of resources, we have

established the CAN to CAN horizontal recycling system of aluminum cans and started manufacturing and selling products produced from recycled materials. To reduce greenhouse gas (GHG) emissions, we have enhanced our climate-related financial disclosure and promoted activities based on the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). In other efforts to contribute to local communities through business, we have implemented water source conservation activities, donated products to food banks, and placed vending machines to support local activities. As part of our efforts to promote diversity, we have worked to raise understanding of LGBTQ through internal and external awareness-raising opportunities to create a better working environment. Such ESG initiatives have been positively appraised, and for the fifth consecutive year we have been selected as a component of the DJSI Asia Pacific, a leading global ESG investment index.

Details for the fiscal year earnings are as follows.

<Reference>

Business Income (loss) is a measure of our underlying or recurring business performance. Business Income (loss) deducts cost of goods sold, general and administrative expenses from revenue, and includes other income and expenses which we believe are recurring in nature. The corresponding figures for consolidated operating income (loss) are as follows.

Sales volume in 2021 is revised retroactively due to changes of counting segmentation and scope in some products.

		FY2021	FY2022
Revenue	(Millions of yen)	785,837	807,430
Sales volume	(Million case)	467	480
Gross profit	(Millions of yen)	350,505	351,755
Selling, General & Administrative Expenses	(Millions of yen)	363,750	365,295
Other income (recurring)	(Millions of yen)	887	974
Other expenses (recurring)	(Millions of yen)	2,142	1,924
Investment gain(loss) on equity method	(Millions of yen)	(162)	46
Business income (loss)	(Millions of yen)	(14,662)	(14,443)
Other income (non-recurring)	(Millions of yen)	9,251	8,338
Other expenses (non-recurring)	(Millions of yen)	15,560	5,408
Operating income(loss)	(Millions of yen)	(20,971)	(11,513)

Consolidated revenue was 807,430 million yen (2.7% increase of 21,594 million yen from the same period of the previous year). Although there was negative impact on sales volume following the price revisions, sales volume increased by 3% versus the previous year. This was due to the introduction of new products and channel-specific efforts to meet diversifying consumer needs, which supported capturing the opportunity of traffic recovery and increased demand due to the heat wave. Volume growth in the profitable vending channel and the improvement in wholesale revenue per case through price revisions contributed to the increase in revenue. In the fourth quarter (October 1, 2022 to December 31, 2022), with the price revisions implemented in October for small packages, wholesale revenue per case increased in all channels.

Consolidated business loss was 14,443 million yen (14,662 million yen loss in prior year period) and improved versus the previous year. We have achieved profit improvement of about 20 billion yen in areas that are under our control, such as volume growth, price revisions, and cost savings through improved manufacturing, logistics efficiency and acceleration of transformation. However, external factors such as commodities, yen depreciation and higher utility costs had a significant impact on our business.

Consolidated operating loss was 11,513 million yen (20,971 million yen loss in prior year period). In addition to improved business income compared to the previous year, operating income improved versus the previous year due to gains on sales of

fixed assets and a decrease in temporary paid leave expenses. Other income (non-recurring) for the fiscal year includes gains on sales of property, plant, and equipment of 4,561 million yen and 3,329 million yen in government subsidies for employment adjustment. Other expenses (non-recurring) includes 2,168 million yen in temporary paid leave expenses, 1,298 million for transformation related expense, 1,104 million yen in special retirement allowances related to the voluntary employee retirement programs, and 812 million yen in losses on sales and disposals of property, plant, and equipment.

Net income attributable to owners of the parent was a loss of 8,070 million yen (2,503 million yen loss in prior year period). While operating income improved from the previous period, income attributable to owners of the parent company worsened due to the absence of a gain on transfer of shares of subsidiary Q'sai Co., Ltd. recorded in discontinued operations in the previous year being recorded in discontinued operations.



### Sales volume trends (% change from previous year)

Full-year sales volume increased by 3% with the recovery in traffic and increased demand from the heat wave, despite the price revisions having a negative volume impact. By channel, supermarkets, drugstores, and discounters were impacted by the price revisions and from the severe competition, despite the execution of campaigns to capture the traffic recovery and active introduction of new products. As a result, sales volume at supermarkets declined by 5%, while sales volume at drugstores and discounters increased by 1%, partly due to an easing trend from the impact of volume declines of large PET following the price revisions. Vending volume increased by 3%, despite the volume impact from the price revisions in October for small packages, the market share base we have built and the implementation of campaigns through the Coke ON smartphone app contributed to capturing the traffic recovery and demand from the heat wave. In addition, vending machine placement activities -one of our key initiatives- progressed at a faster pace than planned throughout the year. The number of operating vending machines increased by more than 10,000 units from last year, contributing to growth in both volume and value share. CVS sales decreased by 1% due to the continued severe competitive environment and with volume being impacted by the price revisions, despite efforts to strengthen activities to acquire sales space for core and new products, and efforts to implement campaigns in collaboration with customers. In retail & food, volume increased by 18% with the recovery in customer traffic returning to dine at restaurants. In online, volume grew by 23%, 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 supported the growth.



By beverage category performance, sparkling sales volume grew by 1%, despite the volume impact from the price revisions, volume growth centered around Coca-Cola at vending and restaurants with the recovery in traffic, and contributions from new products such as Fanta Premier Lemon. Sales volume of tea products decreased by 1% due to the price revision impact, despite the tailwind from the traffic recovery and heat wave, contributions from Yakan no Mugicha from Hajime which continues to enjoy steady sales growth since its launch in the previous year and new products such as Ayataka Cafe Hojicha Latte. Coffee sales volume increased by 2%, supported by new products such as Georgia Black, strengthening of the Costa Coffee lineup, and growth in bottle can packages in the immediate consumption channels. Sports grew by 7%, with restrictions being lifted on events and other activities, also benefiting from the heat wave. Water sales volume grew by 8% with the traffic recovery and the heat wave, the launch of the new I LOHAS Natural Water with the renewed bottle design for the first time in 13 years, and capturing at-home consumption demand.

In the alcohol category, renewals for the Lemon-dou brand and expanding the product offerings, launch of the non-alcoholic beverage Yowanai Lemon-dou, and introduction of the Lemon-dou Uchiwari Lemon to capture new demand contributed to sales volume. However, the cycling impact of new products launches in the previous year and of the at home-drinking demand that grew with COVID had an impact and volume decreased by 15%.



## (2) Status of Capital Investment

Total capital investment undertaken during this consolidated fiscal year amounted to 42.5 billion yen, which was mainly undertaken for the following elements, all of which were related to the beverage business:

- a. Acquisition of vending machines, coolers and other sales equipment
- b. Acquisition of equipment to improve manufacturing efficiency, new products correspond and logistics types of equipment items

## (3) Financial Activities

Not applicable.

## (4) Trend of Assets and Earnings

Item		FY2019	FY2020	FY2021	FY2022
		IFRS	IFRS	IFRS	IFRS
Revenue	(MM yen)	890,009	791,956	785,837	807,430
Business income (loss)	(MM yen)	11,447	169	(14,662)	(14,443)
Operating income(loss)	(MM yen)	(58,904)	(11,722)	(20,971)	(11,513)
Net income attributable to owners of the parent (loss)	(MM yen)	(57,952)	(4,715)	(2,503)	(8,070)
Earnings(loss) per share	(yen)	(322.22)	(26.29)	(13.96)	(45.00)
Total assets	(MM yen)	952,444	939,603	867,111	826,737
Equity attributable to parent owners	(MM yen)	505,999	501,643	492,320	476,216
Equity attributable to parent owners per share	(yen)	2,821.27	2,797.03	2,745.12	2,655.38

Notes:

1. Earnings(loss) per share is calculated based on the average number of shares issued during the year while equity attributable to parent owners per share is calculated based on the total number of shares issued as of the end of the fiscal year (excluding treasury shares).
2. In the year ended December 31, 2020, the healthcare and skincare business has been classified as a discontinued operation as a result of the decision in December 2020 to sell all shares in Q'sai held by the Company. As a result, revenue, business income (loss) and operating income (loss) for the previous financial year have been reclassified to the amounts for continuing operations excluding discontinued operations.

## (5) Acquisition or Disposal of Shares, Other Equity, or Stock Acquisition Rights, etc. of Other Companies

Not applicable.

## (6) Issues to be address

Regarding the outlook for the overall domestic NARTD beverage market, as the transition to a new phase of post-COVID progresses, although the increase in traffic and revitalization economic activity will lead to an increase in demand for beverages, the market trend is expected to be impacted by decline in consumer sentiment due to continuing impact of domestic inflation, beverage price revisions and the cycling of the heat wave in the previous year is expected to have an impact. Additionally, continued volatility in the commodity, forex and utility is expected, which will make it a challenging environment for profitability.

Under these circumstances, in 2023, we will prioritize improving profitability. As part of this, in order to respond to cost increases caused by external factors and to strengthen our earnings base, we will revise the prices of some products, such as can and large PET bottle, effective from May 1 shipment. In addition, we will work to thoroughly implement a sales strategy that emphasizes profitability and investment efficiency and promote further transformation to realize stable and low-cost operations.

In the commercial area, in order to steadily recover sales revenue and establish a profit structure to achieve sustainable growth, we will place top priority on improving the price per case through an appropriate pricing strategy centered on the implementation of price revisions. Regarding sales volume, although we expect a negative impact on sales volume by price revision, we will implement strategies focusing on core categories, expand our product portfolio based on innovation, and implement marketing investments that emphasize effectiveness and efficiency. Regarding our important vending channel, we will work by developing new locations that emphasize investment efficiency and by utilizing digital platforms such as the smartphone app “Coke ON”. In the over the counter channel, we will actively develop new products, expand sales floors, implement appropriate pricing and marketing strategies, and strengthen customer engagement. Furthermore, we will continue to strengthen our partnership with Coca-Cola (Japan) Co., Ltd.



In the supply chain area, we will work to build a supply chain network that realizes high quality, low cost, and stable supply. In addition to focusing on stable operation of the S&OP process that was revamped in 2022, we will further strengthen the cooperation between the commercial (planning / sales) and the supply chain to work on the timely and low-cost supply of products in line with changes in the environment. In terms of manufacturing, we will work to improve manufacturing capacity by operating a new manufacturing line at the Ebina Plant, promote efficiency in manufacturing processes, and build a flexible manufacturing system. In term of logistics, we will work to optimize the logistics network through the stable operation at “Akashi Mega DC” which started operation in 2022, consolidation of sales centers and the reduction and optimal distribution of product inventory. In 2023, procurement costs are expected to continue to increase significantly due to soaring prices of commodity and utility, fluctuations in exchange rates, we will strive to mitigate the impact of cost increases throughout the value chain by implementing all improvement activities centered on stable and low-cost operations.

As the foundation of the entire business, we aim to further accelerate the standardization of business processes and the efficiency improvement by digital transformation (DX), and to establish a robust cost structure that can counteract the changing environment with agility. We will also focus on improving our balance sheet from the perspective of appropriate management of capital. Additionally, we will implement a people strategy based on our company “Mission, Vision and Values”, we will continue to promote activities to achieve ESG targets based on creating shared value, such as initiatives aiming for a zero-waste society, reducing greenhouse gas (GHG) emissions, and activities that contribute to local communities through business.



# TOPICS

## Our Outstanding ESG Initiatives

### Coca-Cola Bottlers Japan Holdings Selected as a component of “DJSI Asia Pacific”

Coca-Cola Bottler Japan Holdings Inc. has been selected as a component of the Dow Jones Sustainability Indices (DJSI) for the Asia Pacific region for the fifth consecutive year. DJSI is a world-renowned Environment, Society, and Governance (ESG) investment index.

The DJSI stock index was jointly created by S&P Dow Jones Indices and SAM. It conducts the annual S&P Global Corporate Sustainability Assessment (CSA) targeting approx. 3,500 major companies around the globe to select businesses that are highly sustainable in the three areas of Economy, Environment, and Society. The appraisals serve as the standard in selecting key investment destinations as a global index for ESG investment.

The CCBJH Group is committed to evolving CSR in line with ISO 26000 standards for organizational social responsibility. We center Creating Shared Value (CSV) at the core of our business to achieve both business growth and social sustainability as a single objective. The Group works to solve social issues with specific action plans under three Sustainability Frameworks of Inclusion, Communities, and Resources. It was through these actions that we were selected to the DJSI Asia Pacific.



### Coca-Cola Bottlers Japan Holdings Makes CDP’s A List for Climate Change and A- List for Water Security

In December 2022, in recognition of our efforts to develop and provide eco-friendly products and reduce CO<sub>2</sub> emissions in our business activities, Coca-Cola Bottlers Japan Holdings Inc. was recognized as an A List company (the highest rating) for climate change in the annual corporate survey on sustainability, conducted by the international non-profit organization CDP. CDP’s annual corporate survey on sustainability serves as the global standard for corporate environmental information disclosure. In 2022, CDP surveyed over 10,000 companies, and selected 283 companies worldwide, including 74 Japanese companies, for their Climate Change A List. Our plants work to reduce water consumption and recycle used water. Furthermore the CCBJH Group enhances our water source replenishment capabilities to return the same quantity of water used to manufacturing products at our plants back to nature. The results of these water security efforts were comprehensively evaluated, and we were recognized as an A-List company, the leadership level, for Water Security in the survey on sustainability conducted by CDP.

## Coca-Cola Bottlers Japan Receives Highest Gold Award and Also First Rainbow in Pride Index 2022

In November 2022, CCBJI received the highest-level Gold award in the PRIDE Index 2022 to recognize LGBTQ initiatives. We also won the Rainbow award, which recognizes companies that promote cross-sectoral collaboration to drive understanding and advocacy of LGBTQ.

Upholding Inclusion as one of our pillars of the sustainability strategy, CCBJI has promoted various initiatives in the area of LGBTQ, one of our priority issues. In July 2022 we introduced an “LGBTQ+ Ally Handbook” and released it free of charge to other companies and external organizations. In addition, we continued to engage in external study sessions and awareness-raising activities regarding LGBTQ, which brought the highest rating of Gold award to all the Coca-Cola system companies including CCBJI and the Rainbow award to both CCBJI and Coca-Cola Japan. CCBJI will continue to promote initiatives aimed at raising awareness of LGBTQ, and creating a comfortable working environment through internal and external opportunities to do so.



## Disclosure Based on TCFD Recommendations

Climate change is identified as one of the top risks in the Global Risk Report published by the World Economic Forum. Based on the Paris Agreement adopted at COP21 in 2015, over 140 countries and regions including Japan have declared their intention to achieve carbon neutrality by 2050.

Recognizing climate change to be one a priority issue, CCBJI has considered countermeasures against identified risks and opportunities. In particular, we decided that a more detailed analysis was necessary for climate change, and starting 2021 conducted a scenario analysis. The analysis was conducted on the beverage industry, which is our main business, in two scenarios: The 1.5/2°C scenario and the 4°C scenario. In February 2022, we endorsed the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. We continued on to join the TCFD Consortium and the Climate Change Initiative to promote actions to reduce greenhouse gas emissions. Furthermore, in December, we disclosed information based on the TCFD recommendations, referring to the updated TCFD Guidance released in October 2021.

# TOPICS

## Contribution to Local Communities

### Osaka Kansai Expo

Toward the EXPO 2025 OSAKA, KANSAI, JAPAN (hereinafter, Osaka Kansai Expo), Coca-Cola Bottlers Japan Inc. aims to contribute to creating momentum for the event.

In April 2022, it was decided that CCBJI will be a Gold Partner sponsor of the Signature Pavilion, a themed project for Osaka Kansai Expo. Furthermore, in July 2022, we began rolling out Expo 2025 Osaka, Kansai, Japan Support Vending Machines. Starting with the installation of the first unit at the Osaka International Convention Center (Gran Cube Osaka), the number of units installed has exceeded 500 as of the end of December.

A share of proceeds from this machine will be donated to the Japan Association for the 2025 World Exposition. Donations will support various momentum-building activities leading up to the start of the Expo. This way we hope to bring excitement to the event together with our customers through their drink purchases.

We will continue to implement measures that only the Coca-Cola system can provide.



The first Expo 2025 Osaka, Kansai, Japan Support Vending Machine (Osaka International Convention Center)



Expo 2025 Osaka, Kansai, Japan Support Vending Machine in new wrapping design (Expo '70 Pavilion at Expo '70 Commemorative Park)

### Coca-Cola Bottlers Japan Ebino Plant Resumes Plant Tours



Coca-Cola Bottlers Japan Ebino Plant

On December 2, 2020, CCBJI Ebino Plant (Ebino City, Miyazaki Prefecture) resumed its plant tours for the first time in two years and nine months. The plant began its plant tours in March 2006, and many visitors, including local residents of Ebino City, have visited the plant. However, in order to prevent the spread of COVID-19, the plant tours were suspended from the end of February 2020. Ebino Plant resumed the tours for the following reasons: The vaccination environment has been put in place nationwide, the plant is located in Ebino City, Miyazaki Prefecture, which has relatively few cases of infection, and the plant and plant tour facilities are in separate buildings.



# TOPICS

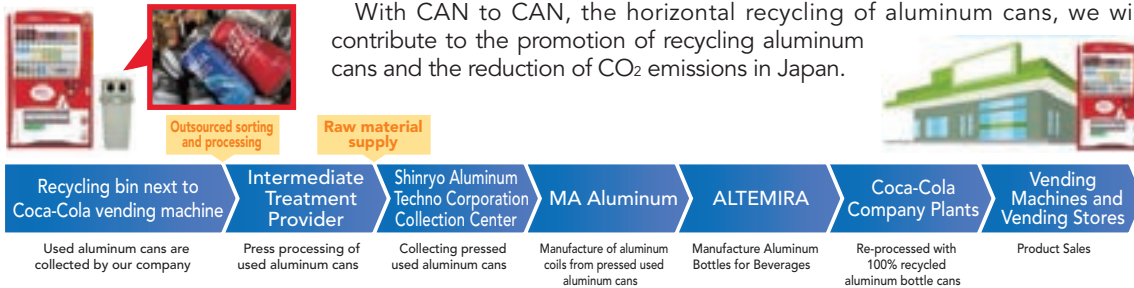
## Environmental Initiatives

### Coca-Cola Bottlers Japan Begins CAN to CAN, the Horizontal Recycling of Aluminum Cans

In cooperation with partner companies, Coca-Cola Bottlers Japan Inc. began CAN to CAN, horizontal recycling of aluminum cans. This initiative is to recycle used aluminum cans collected from recycling boxes next to vending machines managed and operated by CCBJI as containers for can products. Our three products, Georgia Kaoru Black 400ml, Georgia Kaoru Bito 370ml, and Bonaqua (Nansui) 400ml, which use 100% recycled aluminum materials including CAN to CAN for the bottle can body, are available from January 2023.

Can products made from 100% recycled aluminum materials are expected to reduce CO<sub>2</sub> emissions per can by approximately 25% compared to aluminum bottles made from virgin ingots, while also maintaining existing standards for opening and sealing performance. We plans to gradually expand the areas for collecting used aluminum cans and increase the volume of collected cans to 9,000 tons per year.

With CAN to CAN, the horizontal recycling of aluminum cans, we will contribute to the promotion of recycling aluminum cans and the reduction of CO<sub>2</sub> emissions in Japan.



### Biodiversity: Coca-Cola Bottlers Japan Joins the 30 by 30 Alliance and TNFD Forum

From July 2022, Coca-Cola Bottlers Japan Inc. joined the “30 by 30 Alliance for Biodiversity” established by 17 industry, private, and public organizations, including the Ministry of the Environment.

We have been engaged in various forest maintenance activities to preserve the water sources in all of our 17 plant areas, achieving over 353% water replenishment rate to return water to nature (actual rate in 2021). We entered into agreements with local forestry cooperatives and work on activities to bring out the multifunctional aspect of forests to the fullest. Through such efforts in forest maintenance and our participation in the Alliance, we will also contribute to the conservation of biodiversity.

And in December 2022, endorsing the initiatives of the Taskforce on Nature-related Financial Disclosures (TNFD), we also joined the TNFD Forum.

CCBJI’s environmental policies define one of our important missions as “using water and other natural resources that are indispensable for our business activities effectively.” Another important policy is passing the global environment on to the coming generations in a sustainable manner. Through our participation in this forum, CCBJI will strengthen our efforts to sustain biodiversity and contribute to the achievement of the Sustainable Development Goals (SDGs) in our business areas, and aim to realize a sustainable society.

**(7) Status of Significant Subsidiaries (As of December 31, 2022)**

Names	Paid-in Capital	Percentage of Voting Rights	Main Businesses
	Unit: MM yen	Unit: %	
Coca-Cola Bottlers Japan Inc.	100	100.0	Manufacturing and sales of beverage and food products
FV Japan Co., Ltd.	100	100.0	Sales of beverage and food products
Coca-Cola Bottlers Japan Vending Inc.	80	100.0	Operation of vending machines
Coca-Cola Bottlers Japan Business Services Inc.	80	100.0	Office work related to sales of beverage and food products

Notes:

1. The percentage of voting rights includes the portion of indirect holdings via subsidiaries
2. The status of the Specified Wholly Owned Subsidiary of the Company is as follows as of December 31, 2022:

Name of Specified Wholly Owned Subsidiary	Coca-Cola Bottlers Japan Inc.
Address of Specified Wholly Owned Subsidiary	9-7-1, Akasaka, Minato-ku, Tokyo
Book value of shares of Specified Wholly Owned Subsidiary of the Company or Wholly Owned Subsidiary thereof	342,561 million yen
Total assets of the Company	502,941 million yen

**(8) Main Business (As of December 31, 2022)**

Our Group operates the following businesses:

**Beverage Business**

Our group manufactures and sells Coca-Cola, soft drinks and other beverage products.

The Company has contracts with The Coca-Cola Company and Coca-Cola (Japan) Company that govern the production and sales of Coca-Cola and other products and the use of trademarks.

Names of segments	Description
Beverage Business	Manufacturing and sales of beverage products, the vending machine-related business, the procurement of raw materials and materials, and the development, maintenance, and operations of information systems

**(9) Major Locations, etc. (As of December 31, 2022)**

## a. Location of the Company

Headquarters: 9-7-1 Akasaka, Minato-ku, Tokyo

## b. Locations of headquarters offices of major subsidiaries:

Names	Locations
Coca-Cola Bottlers Japan Inc.	Minato-ku, Tokyo
FV Japan Co., Ltd.	Toshima-ku, Tokyo
Coca-Cola Bottlers Japan Vending Inc.	Minato-ku, Tokyo
Coca-Cola Bottlers Japan Business Services Inc.	Minato-ku, Tokyo

## c. Major production bases

## Beverage business

Zao Plant (Miyagi), Ibaraki Plant (Ibaraki), Iwatsuki Plant (Saitama), Saitama Plant (Saitama), Tama Plant (Tokyo), Ebina Plant (Kanagawa), Hakushu Plant (Yamanashi), Tokai Plant (Aichi), Kyoto Plant (Kyoto), Akashi Plant (Hyogo), Daisen Plant (Tottori), Hiroshima Plant (Hiroshima), Komatsu Plant (Ehime), Kiyama Plant (Saga), Tosu Plant (Saga), Kumamoto Plant (Kumamoto), Ebino Plant (Miyazaki)

## d. Sales bases

## Beverage business

A variety of locations in 38 prefectures within Southern Tohoku, Kanto, Koshinetsu, Chubu, Kinki, Chugoku, Shikoku and Kyushu areas

**(10) Status of Employees (As of December 31, 2022)**

Names of segments	Number of employees	Year-on-year change
Beverage business	14,484	(599)

Note: The number of employees above shows the number of persons on active service activity.

**(11) Major Financial Institutions Providing Loans to the Company (As of December 31, 2022)**

Names of institutions	Amount of loans
MUFG Bank, Ltd.	4,304 million yen
Sumitomo Mitsui Banking Corporation	2,696 million yen

## 2. Current Status of the Company

### (1) Status of Shares (As of December 31, 2022)

- a. Total number of authorized shares: 500,000 thousand
- b. Total number of issued shares (excluding 26,928 thousand treasury shares): 179,340 thousand
- c. Number of shareholders: 77,268
- d. Major shareholders (top 10)

Names of shareholders	Number of shares held	Ratio of shareholding
	(Unit: thousand)	(Unit: %)
Coca-Cola (Japan) Co., Ltd.	27,956	15.59
The Master Trust Bank of Japan, Ltd. (Trust Account)	19,404	10.82
Custody Bank of Japan, Ltd. (Trust Account)	5,755	3.21
Ichimura Foundation for New Technology	5,295	2.95
Satsuma Shuzo Co., Ltd.	4,736	2.64
Senshusha Co., Ltd.	4,088	2.28
Coca-Cola Holdings West Japan Inc.	4,075	2.27
Mitsubishi Heavy Industries Machinery Systems, Ltd.	3,912	2.18
MCA Holdings Co., Ltd.	3,408	1.90
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	3,192	1.78

Note: The treasury shares (26,928 thousand shares) are excluded from the list above and from the calculation of ratio of shareholding.

### (2) Shares issued to corporate officers as compensation for the execution of their duties during the fiscal year (as of December 31, 2022)

Not applicable.

### 3. Company's Officers

#### (1) Status of the Company's Officers

##### a. Status of Directors (As of December 31, 2022)

Position	Name	Areas of responsibility and important concurrent positions
Representative Director	Calin Dragan	President Representative Director, President and CEO, Coca-Cola Bottlers Japan Inc.
Representative Director	Bjorn Ivar Ulgenes	Vice President and Chief Financial Officer (Head of Finance) Representative Director, Vice President and CFO of Coca-Cola Bottlers Japan Inc. Representative Director, Chairman and President, Coca-Cola Bottlers Japan Business Services Inc.
Director	Hiroshi Yoshioka	
Director	Hiroko Wada	Representative, Office WaDa Outside Director, Shimadzu Corporation Outside Director (Audit & Supervisory Committee Member), Unicharm Corporation
Director	Hirokazu Yamura	Representative Director & President, MICHINOKU COCA-COLA BOTTLING CO., LTD.
Director (Audit & Supervisory Committee Member)	Irial Finan	Director, Smurfit Kappa Group Plc Director, Fortune Brands Home & Security, Inc.
Director (Audit & Supervisory Committee Member)	Celso Guiotoko	Director and Global Chief Digital Officer, Nishimoto Co., Ltd.
Director (Audit & Supervisory Committee Member)	Nami Hamada	Co-Founder, Managing Director, Mile High Capital Inc. Outside director (Audit Committee Member, Nominating Committee Member, Compensation Committee Member), MetLife Insurance K.K. Outside director, Shimadzu Corporation
Director (Audit & Supervisory Committee Member)	Vamsi Mohan Thati	President, Greater China and Mongolia Operating Unit, The Coca-Cola Company

#### Notes:

1. Directors Hiroshi Yoshioka, Hiroko Wada, and Hirokazu Yamura and Directors (Audit & Supervisory Committee Members) Irial Finan, Celso Guiotoko, Nami Hamada, and Vamsi Mohan Thati are Outside Directors.
2. Directors Hiroshi Yoshioka, Hiroko Wada, and Hirokazu Yamura and Directors (Audit & Supervisory Committee Members) Celso Guiotoko and Nami Hamada have been notified to the Tokyo Stock Exchange on which the Company is listed, as "Independent Officers" as defined in the rules of the Tokyo Stock Exchange.
3. Director (Audit & Supervisory Committee Member) Nami Hamada has accumulated a wealth of experience in finance and accounting by running her own financial consulting company and is therefore highly knowledgeable about finance and accounting.
4. The organizational audits carried out through an internal control system under the lead of the Audit & Supervisory Committee, the Company does not need to appoint full-timers, and has therefore not appointed any full-time members to the Audit & Supervisory Committee.

b. Outline of Limited Liability Agreements

In its Articles of Incorporation, the Company has established allowances concerning limited liability agreements with Directors (excluding those who are not Executive Directors, etc.) in order to ensure that Directors (excluding those who are not Executive Directors, etc.) can demonstrate the roles expected of them and the Company can invite and select competent persons as Directors (including, not limited to, Outside Directors).

The Company has entered into limited liability agreements with Directors Hiroshi Yoshioka, Hiroko Wada, Hirokazu Yamura, Irial Finan, Celso Guiotoko, Nami Hamada and Vamsi Mohan Thati to limit their liability for damages in the event that he/she fails to perform his/her duties stipulated in Article 427, Paragraph 1 of the Companies Act. The limit of liability in the Agreement shall be equal to the minimum liability limit stipulated by laws and ordinances.

c. Outline of the Directors' and Officers' Liability Insurance Policy

In order to ensure that directors (including those who are members of the Audit and Supervisory Committee) and the Group's executive officers can demonstrate the roles expected of them and the Company can select competent persons to serve as directors and executive officers, the Company has entered into a directors' and officers' liability insurance contract with an insurance company and the Company bears the entire premium.

The policy, which insures the nine members of the Board of Directors, namely Representative Directors Calin Dragan and Bjorn Ivar Ulgenes, and Directors Hiroshi Yoshioka, Hiroko Wada, Hirokazu Yamura, Irial Finan, Celso Guiotoko, Nami Hamada, and Vamsi Mohan Thati, as well as the executive officers of the Group, covers damages and legal expenses incurred by shareholders, the Company, employees, or other third parties during the insurance period in the event of claims for damages arising from the insured's conduct in the course of his or her duties as an officer of the Company.

**(2) Officer compensation, etc.**

a. Compensation policy and process for determining the policy

(a). Basic policy on compensation for Executive Directors and Executive Officers

- (i) Compensation level and structure that enable hiring and retaining high-quality talents from the perspective of diverse nationalities and experiences.
- (ii) Compensation composition ratio emphasizing performance-linked compensation, resulting in providing sufficient incentives for profitable growth.
- (iii) Introduce the system to further improve mid- to long-term corporate value and reinforce alignment of interests with the shareholders.

(b). Supervisory Officers (Directors serving on the Audit and Supervisory Committee and Outside Directors not serving on the Audit and Supervisory Committee)

The compensation level and structure that is appropriate as roles in managerial supervision and audit.

(c). Process for determining the policy

The policy for determining compensation for Officers, etc. shall be determined upon deliberation by the Audit and Supervisory Committee and approval by the Board of Directors.

The current policy (policy for determining compensation for Directors, etc.) has been resolved by the Board of Directors on March 25, 2021.

b. Details and procedures on compensation for Executive Directors and Executive Officers

(a). Compensation structure

Fixed compensation	Base salary	<ul style="list-style-type: none"> <li>Monthly payment of an amount determined based on responsibilities.</li> </ul>	<p>The portion of the compensation shown on the left provided to Directors will not exceed the following amount.</p> <p>Compensation limit for Directors (excluding Directors serving on the Audit and Supervisory Committee): 850 million yen per year (approved by resolution no. 5 of 2019 Annual General Meeting of Shareholders) (five in number at the time of the resolution, excluding Directors serving on the Audit and Supervisory Committee)</p> <p>* In case where the Audit and Supervisory Committee has deliberated and deemed it necessary, payments within 850 million yen may be made for fringe benefits such as housing allowance, etc.</p>
	Retirement payments	<ul style="list-style-type: none"> <li>10% of annual base salary is retained, and the accumulated amount is calculated and paid upon their retirement.</li> <li>This payment may be reduced or withheld altogether if the recipient has caused significant damage to the CCBJH Group or been subject to disciplinary action. It may also be specially increased where the recipient has given particularly distinguished contribution. Any reduction, withholding, or special increase will be decided at the Board of Directors Meeting, based on deliberation by the Audit and Supervisory Committee.</li> </ul>	
Variable compensation	Annual bonus	<ul style="list-style-type: none"> <li>Provided at a certain point in the year as an incentive for achieving performance targets for each fiscal year.</li> <li>The target amount is set in the range of 30% to 85% of base salary, depending on their responsibilities.</li> <li>The amount of payment varies in the range of 0% to 150% of the target amount depending on the achievement of performance targets in each fiscal year (companywide performance and individual evaluations).</li> <li>To provide motivation to achieve profitable growth, business income, sales volume, and net sales have been adopted as measures for evaluating companywide performance, based on the Company's policy regarding the determination of compensation, etc. for Directors, etc.</li> </ul>	



Variable compensation	Long-term incentives	<ul style="list-style-type: none"> <li>● Two types of stock-based compensation systems, (1) PSU and (2) RSU, are adopted as long-term incentives.</li> <li>● The basic amount of all long-term incentives (1) PSU + (2) RSU is set in the range of 15% to 100% of base salary based on the responsibilities. 50% of this basic amount is set as the basic PSU amount, and 50% is set as the basic RSU amount.</li> <li>● With regard to (2) RSU, additional grants for the purpose of retention, etc. may be made in addition to the above-mentioned basic RSU amount and in case for Directors, up to the compensation limit detailed on the right if deemed necessary by the Audit and Supervisory Committee (Special RSU).</li> </ul>	<p>The portion of the compensation shown on the left provided to Directors will not exceed the following amount.</p> <p>Compensation limit for Directors (excluding Directors serving on the Audit and Supervisory Committee): Maximum amount of 600,000 shares per year multiplied by the market value at the time of issue (approved by resolution no. 4 of 2020 Annual General Meeting of Shareholders) (five in number at the time of the resolution, excluding Directors serving on the Audit and Supervisory Committee)</p>
	(1) PSU (Performance Share Units)	<ul style="list-style-type: none"> <li>● Granted as an incentive for achieving medium to long term performance targets.</li> <li>● The number of shares to be issued shall be determined within the range of 0% to 150% of the basic PSU amount depending on the achievement of performance targets (only considering companywide performance) over the three years after the share units have been granted (half of the shares to be issued shall be paid in cash for the purpose of allocating funds for the payment of tax obligations).</li> <li>● To provide motivation to enhance corporate value over the mid to long term, consolidated ROE and consolidated sales growth rate have been adopted as measures for evaluating performance, based on the Company's policy regarding the determination of compensation for Directors, etc.</li> </ul>	
	(2) RSU (Restricted Stock Units)	<ul style="list-style-type: none"> <li>● Granted for the purpose of aligning interests with shareholders, creating incentives to increase corporate value, and strengthening retention of talented people.</li> <li>● A predetermined number of shares are issued at retirement (half of the shares to be issued shall be paid in cash for the purpose of allocating funds for the payment of tax obligations).</li> </ul>	

\*1, Regarding fringe benefits, to support the execution of assignments outside the home country, compensation for difference in tax rates between other countries and Japan, housing allowance, etc. are provided in accordance with the internal regulations approved at the Board of Directors Meeting through deliberations by the Audit and Supervisory Committee.

\*2, In the Proposal No. 5 of the Company's Annual General Meeting of Shareholders for the fiscal year 2022 to be held on March 28, 2023 (hereinafter referred to as the "Annual General Meeting"), if the Board of Directors approves the introduction of a new long-term incentive (stock-based compensation) plan under which a trust established by the Company will acquire the Company's shares and deliver them to the executive directors, the maximum amount of the new plan is 2,880 million yen in total for three fiscal years and the maximum number of shares is 1,800,000 shares for three fiscal years. The number of directors at the conclusion of this General Meeting of Shareholders is 5 (including 2 executive directors), excluding directors who are members of the Audit and Supervisory Committee.

(b). Process for determining compensation

Approval of compensation including the amount of performance-linked compensation for Executive Directors shall be delegated to a Representative Director (Calin Dragan) upon resolution by the Board of Directors, and the amount shall be determined by the Representative Director in accordance with the “Policy for Determining Compensation for Directors, etc.” approved by the Board of Directors within the total amount determined by the resolution of the General Meeting of Shareholders after the terms of compensation are deliberated by the Audit and Supervisory Committee composed solely of Outside Directors in order to enhance the transparency and objectivity of procedures for determining compensation. The reason for the delegation is that the Representative Director is deemed appropriate to determine the performance results of each Director while taking into account the overall performance of the Company. In order for the Representative Director to exercise such authority appropriately, the decision on this has been made after deliberations by the Audit & Supervisory Committee. The compensation for Executive Officers shall also be determined through deliberations by the Audit and Supervisory Committee. Therefore, the Board of Directors deems that the content of these compensations is in line with the above decision-making policy.

(i) Activities of the Board of Directors

The Board of Directors’ activities concerning the determination of Officer compensation for FY2022 are as follows.

(1) Number of meetings of the Board of Directors held over one year from January 2022 to December 2022: 7

(2) Main subjects discussed by the Board of Directors concerning Officer compensation and Officer compensation structure in FY2022:

- Payment of 2021 annual incentive and non-vesting of 2019 long-term incentive for Directors and Executive Officers
- 2021 special award
- Revision of internal regulations regarding fringe benefits
- FY2022 compensation for directors (excluding Directors serving on Audit and Supervisory Committee) and Executive Officers
- Report on the number of share units to be granted to the Directors and Executive Officers in FY2022
- 2022 special RSU
- Vesting scheme for stock-based compensation

(ii) Activities of the Audit & Supervisory Committee

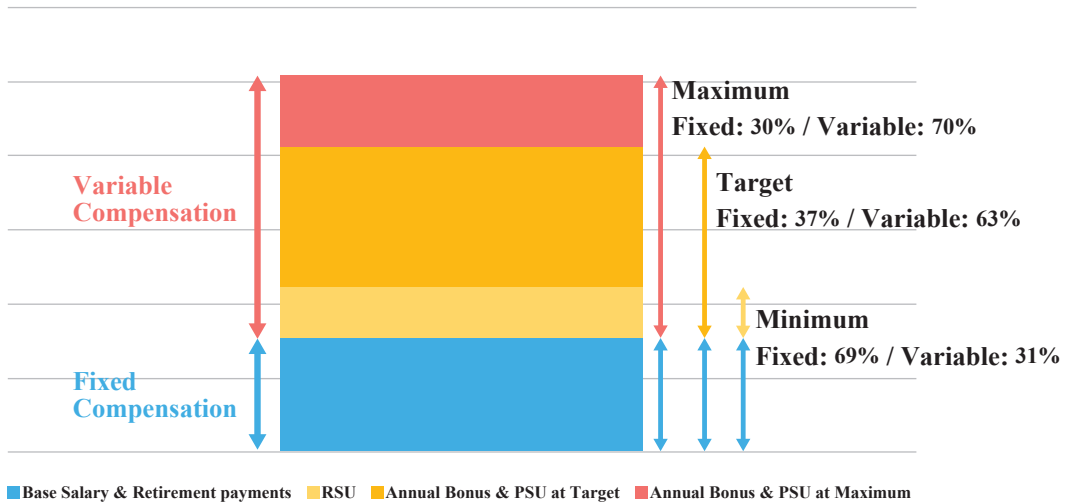
Activities of the Audit & Supervisory Committee concerning the determination of Officer compensation for FY2022 are as follows.

- (1) Number of meetings of the Audit and Supervisory Committee held over one year from January 2022 to December 2022: 5
- (2) Main subjects discussed by the Audit & Supervisory Committee concerning Officer compensation and Officer compensation structure in FY2022:
  - Payment of 2021 annual incentive and non-vesting of 2019 long-term incentive for Directors and Executive Officers
  - 2021 special award
  - 2022 Executive compensation proposal
  - Revision of internal regulations regarding fringe benefits
  - FY2022 Compensation for Audit and Supervisory Committee members
  - 2022 special RSU
  - 2022 Executive individual objectives
  - Vesting scheme for stock-based compensation

(c). Compensation level

Compensation is decided according to the responsibilities by utilizing data from compensation surveys performed by external research organizations and taking into account the level of compensation provided at companies such as domestic and overseas companies of similar scale in similar industries with the intent to provide a level of compensation that enables recruitment and retention of talented people who are highly diverse in terms of nationality, experience, etc.

Image of compensation structure (Representative Director and President)



c. Guidelines and procedures for determining compensation for Supervisory Officers

The compensation for Supervisory Officers (Directors who are Audit & Supervisory Committee Members and Outside Directors who are not Audit & Supervisory Committee Members) is composed of basic compensation only in view of their role as supervisors and auditors of CCBJI business. Compensation levels are set according to the role of the Director by utilizing data from compensation surveys performed by external research organizations and taking into account the level of compensation provided at domestic companies of similar scale.

The individual compensation for Directors serving on the Audit and Supervisory Committee is proposed to the Audit and Supervisory Committee and determined upon consultation with Directors serving on the Audit and Supervisory Committee within the total amount determined by the resolution of the General Meeting of Shareholders. The compensation for Outside Directors not serving on the Audit and Supervisory Committee shall be delegated to a Representative Director (Calin Dragan) upon resolution by the Board of Directors, and the amount shall be determined by the Representative Director in accordance with the “Policy for Determining Compensation for Directors, etc.” approved by the Board of Directors after the terms of compensation are deliberated by the Audit and Supervisory Committee. The reason for delegating these authorities to the President and Representative Director is that the President and Representative Director is considered to be the most appropriate person to evaluate the responsibilities of each Director. To ensure that such authority is appropriately exercised by the President and Representative Director, decisions on the details of compensation for outside directors who are not members of the Audit and Supervisory Committee are made after deliberation by the Audit and Supervisory Committee. Therefore, the Board of Directors deems that the content of these remunerations is in line with the above decision-making policy.

d. Details of compensation for Officers for FY2022

(a). Total amount of compensation, etc. by position, total amount of compensation, etc. by category and headcount of Officers

Positions	Total remuneration (million yen)	Types of remuneration					Headcount of Officers (people)
		Basic compensation (Note 3)	Retirement payments	Annual bonuses	Long-term incentives (Note 4)	Other (Note 5)	
Directors (excluding Directors serving on the Audit and Supervisory Committee) (of which Outside Directors)	1,013 (43)	540 (43)	21 (-)	181 (-)	250 (-)	21 (-)	5 (3)
Directors (serving on the Audit and Supervisory Committee) (of which Outside Directors)	72 (72)	72 (72)	- (-)	- (-)	- (-)	- (-)	4 (4)
Total (of which Outside Directors)	1,085 (115)	611 (115)	21 (-)	181 (-)	250 (-)	21 (-)	9 (7)

Note 1: In accordance with the resolution passed at the 62nd Annual General Meeting of Shareholders held on March 26, 2020, the upper limit of compensation for Directors (five in number at the time of the resolution, excluding Directors serving on the Audit and Supervisory Committee) shall be 850 million yen per year (of which 50 million yen per year for Outside Directors (two in number at the time of the resolution)); in accordance with the resolution passed at the 58th Annual General Meeting of Shareholders held on March 23, 2016, the upper limit of compensation for Directors serving on the Audit and Supervisory Committee (five at the time of the resolution) shall be 100 million yen per year.

Note 2: Separately, in accordance with the resolution taken at the 63rd Annual General Meeting of Shareholders held on March 25, 2021, for Directors (excluding Directors serving on the Audit and Supervisory Committee), the upper limit of stock-based compensation consisting of monetary compensation receivables and cash (“PSU” and “RSU”) to Executive Directors shall be annual amount not exceeding in total the value of 600,000 shares multiplied by the market value of the monetary compensation receivables and cash at the time of issue”

Note 3: Basic compensation includes an amount equivalent to fringe benefits (compensation for difference in tax rates between other countries and Japan, housing allowance, etc.), etc.

Note 4: Long-term incentives include PSU, RSU and Special RSU.

Note 5: Other is retention award (refer to d. Others).

(b). Significant employee salary received by the officer concurrently serving as an employee

Not applicable

(c). Payment rate, etc. of incentive compensation

(i) Annual Incentive

In alignment with the mid-term management plan and the goal of achieving it, business income, sales volume and net sales are set as proper performance metrics of Annual Bonus to measure company performance of the Company in the previous years. Performance is calculated based on predetermined targets and actual achievement, weighted average achievement for FY2022. The achievement level of the company's business performance for the period under review was 109%, despite the continuing difficult business environment, due to the contribution of improved profitability resulting from price revisions, especially in terms of sales volume, sales revenue, and market share. The individual performance evaluation-based payout rate for Executive Directors was 100%. Based on the company performance and individual performance evaluation, the Audit and Supervisory Committee discussed and reviewed the final payout rate (rate of actual annual incentive paid against target payout) for FY2022. As a result, it determined that 105% is reasonable.

(ii) PSU

PSU granted in 2020 is subject to a 3-year performance period from 2020-2022 and assessed using the corporate performance metrics of consolidated ROE and consolidated sales growth rate. Performance was assessed against predetermined targets and actual achievement for 2019-2021, weighted average achievement for 3-year period was -193%. The vesting rate of PSU granted against target value fluctuates between 0 - 150% depending on achievement levels of performance targets. Based on the above-mentioned result, the payout rate of the PSU (rate of PSU's granted against target) is 0%.

For the 2021 PSU, the vesting rate is expected to be 0%, as the challenging business environment is expected to continue in 2023, the final year of the evaluation period.

The vesting rate of PSU granted in 2022 is calculated based on ROE for the final fiscal year of the relevant performance period and the annual average sales growth rate for the relevant performance period. Therefore, it is not possible to estimate the payout rate reasonably at this time.

(d). Others

A total of 21 million yen was paid in cash in March 2023 as a retention award for FY2022 to maintain the motivation to lead the change, taking into account the disadvantages caused by differences between Japan and the other countries due to the level of compensation in each country, rising prices, and the rapid depreciation of the yen.

The Audit and Supervisory Committee deliberated on the decision to grant this retention award and determined that it was appropriate.

### (3) Outside Officers

#### a. Matters relating to Outside Officers

(a) Positions held concurrently as Directors with executive authority over operations, etc. at other corporations, etc. and Outside Officers, etc. at other corporations, etc. (As of December 31, 2022)

Position	Name	Important concurrent positions
Outside Director	Hiroshi Yoshioka	
Outside Director	Hiroko Wada	Representative, Office WaDa Outside Director, Shimadzu Corporation Outside Director (Audit & Supervisory Committee Member), Unicharm Corporation
Outside Director	Hirokazu Yamura	Representative Director & President, MICHINOKU COCA-COLA BOTTLING CO., LTD.
Outside Director (Audit & Supervisory Committee Member)	Irial Finan	Director, Smurfit Kappa Group Plc Director, Fortune Brands Home & Security, Inc.
Outside Director (Audit & Supervisory Committee Member)	Celso Guiotoko	Director and Global Chief Digital Officer, Nishimoto Co., Ltd.
Outside Director (Audit & Supervisory Committee Member)	Nami Hamada	Co-Founder, Managing Director, Mile High Capital Inc. Outside director (Audit Committee Member, Nominating Committee Member, Compensation Committee Member), MetLife Insurance K.K. Outside director, Shimadzu Corporation.
Outside Director (Audit & Supervisory Committee Member)	Vamsi Mohan Thati	President, Greater China and Mongolia Operating Unit, The Coca-Cola Company

Note: The Company's relationships with other corporations where the Company's Outside Officers serve concurrently as Directors with executive authority over operations, etc. are as follows:

- (1) There is no business relationship to be disclosed between the Company and Office WaDa.
- (2) There is no business relationship to be disclosed between the Company and Shimadzu Corporation.
- (3) There is no business relationship to be disclosed between the Company and Unicharm Corporation.
- (4) The Company and MICHINOKU COCA-COLA BOTTLING CO., LTD. have a trading relationship (sales, 0.4% of consolidated sales revenue of the Company; purchases, 0.3% of consolidated sales revenue of MICHINOKU COCA-COLA BOTTLING CO., LTD.
- (5) There is no business relationship to be disclosed between the Company and Smurfit Kappa Group Plc.
- (6) There is no business relationship to be disclosed between the Company and Fortune Brands Home & Security, Inc.
- (7) There is no business relationship to be disclosed between the Company and Nishimoto Co., Ltd.
- (8) There is no business relationship to be disclosed between the Company and Mile High Capital Inc.
- (9) There is no business relationship to be disclosed between the Company and MetLife Insurance K.K.
- (10) THE COCA-COLA COMPANY is an "Other Related Company" of the Company, and the Company has entered into agreements with it concerning the manufacture and sale of Coca-Cola and other products and the use of its trademarks.



(b) Main activities during the fiscal year under review

Position	Name	Main activities
Outside Director	Hiroshi Yoshioka	He attended all the 7 Board of Directors' meetings held during the fiscal year under review and provided advice as appropriate based on his considerable experience and global knowledge gained at the Coca-Cola bottling companies in Japan and Sony Corporation.
Outside Director	Hiroko Wada	She attended all the 7 Board of Directors' meetings held during the fiscal year under review and provided advice as appropriate based on her considerable experience and global knowledge gained as officer at The Procter & Gamble Company and as Representative Director at Dyson Ltd. and Toys"R"Us-Japan Ltd.
Outside Director	Hirokazu Yamura	He attended all the 7 Board of Directors' meetings held during the fiscal year under review after he assumed Director of the Company and provided advice as appropriate based on his considerable experience and knowledge gained in management and as Representative Director & President at Michinoku Coca-Cola Bottling Co., Ltd..
Outside Director (Audit & Supervisory Committee Member)	Irial Finan	He attended all the 7 Board of Directors' meetings and 5 Audit & Supervisory Committee's meetings held during the fiscal year under review and provided advice as appropriate based on his considerable experience and global knowledge gained as a corporate executive engaged in Coca-Cola business over many years engaging in management of The Coca-Cola Company and global bottlers and acting as a representative of the Bottling Investments Group engaging in oversight of Coca-Cola bottlers worldwide.
Outside Director (Audit & Supervisory Committee Member)	Celso Guiotoko	He attended all the 7 Board of Directors' meetings and 5 Audit & Supervisory Committee's meetings held during the fiscal year under review and provided advice as appropriate based on his considerable experiences and global expertise gained at Nissan Motor Co., Ltd. ("Nissan") as well as Nishimoto Co., Ltd. And his audit experience as Statutory Auditor at Nissan.
Outside Director (Audit & Supervisory Committee Member)	Nami Hamada	She attended all the 7 Board of Directors' meetings and 5 Audit & Supervisory Committee's meetings held during the fiscal year under review and provided advice as appropriate based on her considerable experiences on Finance and Accounting gained as a proprietor of her own finance consulting company and her considerable experiences and global knowledge gained as a corporate executive at Lehman Brothers Japan Inc..
Outside Director (Audit & Supervisory Committee Member)	Vamsi Mohan Thati	He attended all the 7 Board of Directors' meetings and 5 Audit & Supervisory Committee's meetings held during the fiscal year under review and provided advice as appropriate based on his considerable experience and global knowledge gained at business units of The Coca-Cola Company in Asia as a management.

## 4. Company Structure and Policies

### (1) Accounting Auditor

#### a. Name

Ernst & Young ShinNihon LLC

#### b. Amount of Remuneration

Categories	Amount paid	Remarks
Remuneration for services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act	71 million yen	(Note)
Remuneration for services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act	–	
Remuneration by the Company and/or its subsidiaries to the Accounting Auditor	197 million yen	

#### Notes:

1. The audit contract between the Company and the accounting auditor does not distinguish between remuneration paid for the audit conducted in accordance with the Companies Act and remuneration paid for the audit conducted in accordance with Financial Instruments and Exchange Act. Accordingly, the amount above is the aggregate amount.
2. The Audit and Supervisory Committee confirmed and reviewed the appropriateness and adequacy of the audit plans, audit hours, implementation status and grounds for the estimate of the remuneration as submitted by the accounting auditor before granting approval to the remuneration payable to the accounting auditor.

#### c. Policy on Decisions on Dismissal or Non-Reappointment of Accounting Auditor

In the case that it is reasonably judged that the accounting auditor falls under any of the dismissal events listed in the items of Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee will remove the accounting auditor with the consent of all members. In this case, a Committee member selected by the Audit and Supervisory Committee will disclose the removal and its reason at the Meeting of Shareholders convened for the first time after the removal.

Additionally, concerning dismissal or non-reappointment of the accounting auditor, the Audit and Supervisory Committee shall decide contents of a proposed resolution they submit to the General Meeting of Shareholders, in the event they judge it necessary to do so in cases such as where the accounting auditor is recognized to have difficulty in properly fulfilling its auditing duties.

## **(2) The System to Ensure Business Adequacy**

### **a. Overview of the system to ensure business adequacy**

In order to establish the system to ensure that the jobs conducted by the Directors comply with the laws and regulations and the Articles of Incorporation, and other systems to ensure appropriateness of operation (to be referred to as “internal control” hereinafter), the Company has made a resolution on “the Internal Control System Basic Policy” at the Board of Directors Meeting.

“The Internal Control System Basic Policy” is as shown below.

### **(a) System to ensure that performance of duties by Directors and employees of the Group conforms to laws and regulations and the Articles of Incorporation**

- ① The “Code of Conduct” shall be established in order to ensure that all the Directors, Executive Officers, and employees of the Group comply with laws and regulations and the Articles of Incorporation to act in conformity with social norms. The Ethics & Compliance Committee shall be convened periodically in order to reinforce the compliance system and to prevent non-compliance.
- ② An internal whistle-blowing system against non-compliance, namely, a reporting and consultation contact separate from the reporting line to immediate managers, shall be set up.
- ③ The oversight function of the Board of Directors shall be reinforced by adopting the company system where Audit and Supervisory Committee is established in order to ensure auditing by the Audit and Supervisory Committee, which is comprised exclusively of Outside Directors.
- ④ The department in charge of internal auditing shall be established in order to audit whether business activities are conducted appropriately and effectively in conformity with laws and regulations, the Articles of Incorporation, Company Rules and Regulations, etc.
- ⑤ The Company clearly identifies the firm stance against anti-social forces and organizations that cause threats to the orders and safety of civil society and that the Company never ties with such entities. The Company shall never accede to any illegal request and deal with any such request in cooperation with the police, lawyers, etc.

### **(b) System to retain and manage information related to Directors’ performance of their duties**

- ① The Company shall record information regarding minutes of General Shareholders meetings, minutes of Board of Directors meetings, documents and other materials related to important decision-makings and Directors’ performance of their duties in documents or electronic media and retain it in accordance with the Rules of Documentation Handling and Information Security Policy in a manner similar to that for statutory documents.
- ② The Company’s Directors may inspect such documents, etc. at any time.

**(c) Regulations and other systems concerning loss risk management of the Group**

- ① In accordance with the Group policy on responding to material business risks and from the viewpoint of management of other risks, significant items shall be reported to the main meetings dealing with risk management, and the main meetings shall determine policies to deal with risks as required.
- ② The Company establishes rules, guidelines, etc. and maintains an organization to execute effective response to material risks, and ensure the matters to be passed down by implementing training for the entire Group, etc.
- ③ The department in charge of risk management in the Company or its subsidiaries is to monitor the condition of company-wide risks and to take appropriate measures on a group-wide basis. The Company promptly designates who is in charge of the response to new risks that arise.

**(d) System to ensure efficiency of performance of duties by the Group Directors**

- ① The Company's Board of Directors shall determine Group-wide management policy and goals shared by the Directors, Executive Officers, employees and others of the Group, and determine the efficient method to achieve the goals including the allocation of authority based on the group's decision-making rules.
- ② In addition to Board of Directors meetings, appropriate forums, such as the main meetings held within the operating companies, shall be organized to deliberate significant matters affecting the entire Group, thereby ensuring that decisions are reached based on considerations of multi-dimensional aspects.

**(e) System to ensure appropriateness of operations in a corporate group, which consists of the Company and its subsidiaries**

The Company shall ensure management integration of the Group through establishment of a corporate philosophy, management policy, the Code of Business Conduct & Ethics and Chart of Authority common throughout the Group and supervise and manage the performance of the subsidiaries' operations.

**(f) Matters concerning employees assisting the Audit and Supervisory Committee to execute the duties if the Audit and Supervisory Committee request the assignment of such employees, matters concerning the independence of such employees from Directors (excluding Directors serving on the Audit and Supervisory Committee) and matters related to ensuring the effectiveness of instructions given by the Audit and Supervisory Committee to such employees**

The Company shall assign employees assisting the Audit and Supervisory Committee. Such employees shall execute the duties under the instructions given by the Audit and Supervisory Committee in assisting executions of duties by the Audit and Supervisory Committee and shall not receive instructions from Directors (excluding Directors serving on the Audit and Supervisory Committee).

**(g) System for reporting by Directors and employees of the Group to the Audit and Supervisory Committee and systems to ensure that reporting parties do not receive disadvantageous treatment as a result of such reports**

- ① Upon discovery of any incident that could cause the Group substantial damage, such as acts in violation of laws and regulations, the Directors (excluding Directors serving on the Audit and Supervisory Committee), Executive Officers, employees and others of the Company shall immediately report the matter to the Audit and Supervisory Committee.
- ② The Internal Audit Department shall regularly report internal audit results and the status of other activities in the Group to the Audit and Supervisory Committee.
- ③ The department in charge of compliance shall regularly report the status of whistle-blowing in the Group to the Audit and Supervisory Committee.
- ④ The Company shall prohibit unjust treatment of the reporter to the Audit and Supervisory Committee, and ensure that this matter would be informed to all the Executive Officers and employees of the Group.

**(h) Matters concerning procedures for advance payment or reimbursement of expenses incurred in the course of performance of duties by Directors serving on the Audit and Supervisory Committee and policies related to processing expenses or liabilities arising from performance of duties by Directors serving on the Audit and Supervisory Committee**

The Company establishes enough budget for Directors serving on the Audit and Supervisory Committee each year to fulfill the performance of their duties.

**(i) Other systems to ensure that the Audit and Supervisory Committee's audit is conducted effectively**

- ① The Representative Director and the Audit and Supervisory Committee member shall hold meetings on a regular basis to exchange opinions in order to communicate with each other.
- ② The Representative Director shall prepare an environment so that the Audit and Supervisory Committee members are able to cooperate with external experts, such as lawyers and certified public accountants, in the course of its duties whenever the Audit and Supervisory Committee members deem it necessary.
- ③ The Audit and Supervisory Committee shall regularly provide opportunities for the exchange of opinions with the Internal Audit Department and accounting auditor.

**b. Overview of the operational status of the system to ensure business adequacy**

**(a) Initiative for ensuring compliance**

The Company has developed its corporate philosophy and Code of Business Conduct & Ethics for the entire Group so that all officers and employees will comply with laws and regulations and the Articles of Incorporation to act in conformity with social norms, and notifications are being ensured.

Additionally, CCBJH Group Ethics & Compliance Committee, chaired by the President, is held to work upon reinforcement of the compliance structure and prevention of occurrence of non-compliance cases.

Furthermore, Regulations for Handling Whistleblowing have been developed, and an internal whistle-blowing system is being operated by establishing Ethics & Compliance Reporting Hotline internally and at an external law office and specialized agencies to work upon early detection and improvement of non-compliance cases.

(b) Initiative on loss risk management

The Company has developed CCBJH Group Rules of Risk Management and is working upon preventing the occurrence of various risks that may arise for the Company. At the same time, the Company has formulated a response strategy implemented in the eventuality of risk materialization and developed a system to minimize damage and confusion for business by responding to the risk promptly and adequately.

Furthermore, in order to minimize damage and impact on business caused by natural disasters, etc., the Company periodically holds risk management drills, disaster response drills and safety confirmation drills, verifying the effectiveness of its business continuity plan that helps to deal with large-scale disasters.

(c) Initiative on ensuring adequacy and efficiency of the jobs conducted

The Company has established the Audit and Supervisory Committee in order to further enrich deliberation on matters with particular importance at the Board of Directors Meeting, whereas determination on conduct of other businesses is entrusted to the Directors.

Additionally, authority is delegated to Executive Officers and Heads of Functions / Departments so that decisions are made regarding business conduct based on the approval authority standard in accordance with the Group operational structure to ensure acceleration and streamlining of management decisions made by the management members.

(d) Initiative on ensuring that audit by the Audit and Supervisory Committee be conducted in an effective manner

The Audit and Supervisory Committee members audit the status of business conduct by the Directors, Executive Officers, and employees in accordance with relevant laws and regulations, the Articles of Incorporation, and the Regulations of the Audit & Supervisory Committee prepared by the Audit and Supervisory Committee by attending the Board of Directors meeting, and by referring to the audit results, etc. provided by the department in charge of internal audit and the accounting auditor.

The Audit and Supervisory Committee members periodically exchange opinions regarding such audit results with the Representative Directors.

### **(3) Basic Policies on the Control of the Stock Company**

Basic Policies on the Control of the Stock Company as follows.

#### **a. Details of Basic Policy**

The Company believes that the persons who control decisions on the Company's financial and business policies need to understand the source of the Company's corporate value to make it possible to continually, persistently ensure and enhance the Company's corporate value and, in turn, the common interests of its shareholders. The Company believes that a decision on any proposed acquisition that would involve a change of corporate control of the Company should ultimately be made based on the intent of its shareholders as a whole. In addition, the Company would not reject a large-scale acquisition of the shares in the Company if it would contribute to the corporate value of the Company and, in turn, the common interests of its shareholders.

However, there are some forms of large-scale acquisition of shares that benefit neither the corporate value of the target company nor the common interests of its shareholders: those with a purpose that would obviously harm the corporate value of the target company and, in turn, the common interests of its shareholders; those with the potential to substantially coerce shareholders into selling their shares; those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the terms of the large-scale acquisition of shares, or for the target company's board of directors to present a business plan or an alternative proposal; and those that require the target company to discuss or negotiate with the acquirer in order to procure more favorable terms for shareholders than those presented by the acquirer.

The Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who fully understand the importance of (i) providing freshness and refreshment to people around the world and embedding the "Coca-Cola" brand, which is now a part of our life style, in local communities; (ii) striving aggressively to win in the market as the customers' preferred partner with a deep understanding of the Company's corporate philosophy; (iii) appreciating employees who have a strong sense of responsibility to thoroughly pursue customer satisfaction, and proactively working on building a workplace environment that can make each and every employee feel rewarded, motivated and proud of being a member of the Coca-Cola family; and (iv) contributing to local communities and proactively dealing with environmental issues with a strong sense of responsibility as a corporate citizen that continues to strive to assist in the realization of an affluent society, preserve relationships of mutual trust with customers, business partners, shareholders and employees and perform to their expectations, and make it possible to continually and persistently ensure and enhance the Company's corporate value and, in turn, the common interests of its shareholders from a mid- to long-term perspective.

Therefore, the Company believes that a person who would make a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the Company and, in turn, the common interests of its shareholders would be inappropriate to become a person who would control decisions on the Company's financial and business policies.

The Company believes that it is necessary to ensure and enhance the corporate value of the Company and, in turn, the common interests of its shareholders by taking the necessary and reasonable countermeasures against a large-scale acquisition of the shares in the Company by such a person.

b. Initiatives to realize the basic policies

(a) Summary of special initiatives that contribute to realizing the basic policies

The Group not only assumes a leading role in transforming the Coca-Cola business in Japan by deploying various joint initiatives such as product development and test marketing with The Coca-Cola Company and Coca-Cola (Japan) Company, Limited (100% funded by The Coca-Cola Company) as a business strategic partner, but also strives to become a company trusted by the stakeholders of consumers, customers, shareholders and employees.

While major growth of the soft drink industry cannot be expected as the market has already matured, the business environment surrounding is projected to become harsher as competition intensifies among soft drink companies.

Under such circumstances, the Group aims to become the preferred partner of our customers and consumers in all drinking occasions by establishing a robust and sustainable operating model, pursuing success in high-priority areas, and drastically transforming the business to ensure growth.

In addition, the Company has adopted the company system with an Audit and Supervisory Committee in order to further reinforce the governance system. The Audit and Supervisory Committee serves as the auditing body of the Company that is comprised exclusively of external directors, including multiple independent external directors. To strengthen the management oversight function, these external directors that serve as the member of the Audit and Supervisory Committee have each been granted a voting right in the Board of Directors meetings, in addition to the right to state their opinions in shareholders' meetings on matters pertaining to the designation of board members and their remuneration, among others. In order to separate the decision-making, business management and business execution functions, the Company is implementing a corporate executive officer system. In addition to the foregoing, for more fruitful deliberations of highly important matters in the Board of Directors meetings, the Company is delegating the authority to make decisions on certain important matters that require prompt business executions to specific directors as well as facilitating speedy decision making of other matters.



(b) Outline of measures to prevent inappropriate persons from controlling the finance and business policy decisions of the Company in light of the basic policy

Upon any substantial acquisition of the Company shares, the Company strives to proactively collect and timely disclose information in order to ensure and improve the corporate value of the Company and the common interest of shareholders as well as make appropriate measures as needed under the scope permitted by laws and regulations and the Articles of Incorporation.

When Board Meeting determines it necessary to reapply anti-takeover measures in order to ensure and improve the corporate value of the Company and the common interest of shareholders, taking into considerations of the future trend of the society, the Company consults with shareholders at the Meeting of Shareholders as stipulated in the Articles of Incorporation for decision of the implementation.

(c) Decisions of the Company's Board of Directors regarding specific measures and reasons therefor

The measure described in the previous b. (a) was introduced as a specific measure to continuously and sustainably improve the corporate value of the Company and the common interest of shareholders and is consistent with the Company's basic policy.

In addition, the measure described in the previous b. (b) was introduced as a specific measure to ensure and improve the corporate value of the Company and the common interest of shareholders as needed under the scope permitted by laws and regulations and the Articles of Incorporation focusing on the intention of shareholders, and it is not intended to undermine the shareholders' common interests or preserve the positions of the Company officers.

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(Note: Amounts, number of shares and ratios in the business report are rounded off to the nearest unit.)

# Consolidated Statement of Financial Position

As of December 31, 2022

(Millions of yen)

Assets		Liabilities	
<b>Current assets:</b>	<b>272,122</b>	<b>Current liabilities:</b>	<b>136,641</b>
Cash and cash equivalents	84,074	Trade and other payables	108,254
Trade and other receivables	103,346	Bonds and debts	1,000
Inventories	71,051	Lease liabilities	5,122
Other financial assets	542	Income taxes payable	1,272
Other current assets	13,108	Other financial liabilities	654
		Other current liabilities	20,339
<b>Non-current assets:</b>	<b>554,615</b>	<b>Non-current liabilities:</b>	<b>213,737</b>
Property, plant and equipment	425,009	Bonds and debts	155,701
Right-of-use assets	21,841	Lease liabilities	18,146
Intangible assets	65,865	Other non-current financial liabilities	8
Investments accounted for using the equity method	322	Net defined benefit liabilities	17,817
Other financial assets	15,888	Provisions	1,761
Deferred tax assets	20,581	Deferred tax liabilities	17,157
Other non-current assets	5,110	Other non-current liabilities	3,147
		<b>Total liabilities</b>	<b>350,378</b>
<b>Total assets</b>	<b>826,737</b>	<b>Equity</b>	
		Equity attributable to owners of the parent (total)	476,216
		<b>Capital stock</b>	<b>15,232</b>
		<b>Capital surplus</b>	<b>451,264</b>
		<b>Retained earnings</b>	<b>94,209</b>
		<b>Treasury shares</b>	<b>(85,667)</b>
		<b>Accumulated other comprehensive income</b>	<b>1,177</b>
		<b>Non-controlling interests</b>	<b>142</b>
		<b>Total equity</b>	<b>476,358</b>
		<b>Total liabilities and equity</b>	<b>826,737</b>

Note: Amounts less than one million yen are rounded.

# Consolidated Statement of Income

For the fiscal year ended December 31, 2022

(Millions of yen)

<b>Continuing operations</b>	
<b>Revenue</b>	<b>807,430</b>
<b>Cost of sales</b>	<b>455,675</b>
Gross profit	<b>351,755</b>
<b>Selling and general administrative expenses</b>	<b>365,295</b>
<b>Other income</b>	<b>9,312</b>
<b>Other expenses</b>	<b>7,332</b>
<b>Investment gain(loss) on equity method</b>	<b>46</b>
Operating income(loss)	<b>(11,513)</b>
<b>Financial revenue</b>	<b>264</b>
<b>Finance expense</b>	<b>1,242</b>
Income(loss) for the year before income tax	<b>(12,491)</b>
<b>Income tax benefit</b>	<b>(4,432)</b>
<b>Net income(loss) for the year from continuing operations</b>	<b>(8,059)</b>
<b>Net income(loss) for the year attributable to:</b>	
<b>Net Loss Attributable to Owners of Parent</b>	<b>(8,070)</b>
Non-controlling interests	<b>11</b>

Note: Amounts less than one million yen are rounded.

# Consolidated Statement of Changes in Shareholders' Equity

For the fiscal year ended December 31, 2022

(Millions of yen)

	Equity attributable to owners of the parent company					
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Accumulated other comprehensive income	Total
Balance as of January 1, 2022	15,232	450,832	109,273	(85,661)	2,644	492,320
Comprehensive income for the year						
Net income (loss) for the year	–	–	(8,070)	–	–	(8,070)
Other comprehensive income (loss)	–	–	–	–	3,065	3,065
Total comprehensive income (loss) for the year	–	–	(8,070)	–	3,065	(5,005)
Transactions with owners, etc.						
Dividends of surplus	–	–	(8,967)	–	–	(8,967)
Purchase of treasury stock	–	–	–	(6)	–	(6)
Disposal of treasury stock	–	(0)	–	0	–	0
Transactions of share-based payment	–	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)
Total transactions with owners, etc.	–	432	(6,993)	(5)	(4,532)	(11,099)
Balance as of December 31, 2022	15,232	451,264	94,209	(85,667)	1,177	476,216

	Non-controlling interests	Total
Balance as of January 1, 2022	131	492,451
Comprehensive income for the year		
Net income (loss) for the year	11	(8,059)
Other comprehensive income (loss)	–	3,065
Total comprehensive income (loss) for the year	11	(4,994)
Transactions with owners, etc.		
Dividends of surplus	–	(8,967)
Purchase of treasury stock	–	(6)
Disposal of treasury stock	–	0
Transactions of share-based payment	–	432
Reclassification from accumulated other comprehensive income to retained earnings	–	–
Reclassification from accumulated other comprehensive income to non-financial assets	–	(2,558)
Total transactions with owners, etc.	–	(11,099)
Balance as of December 31, 2022	142	476,358

Note: Amounts less than one million yen are rounded.

# Notes to Consolidated Financial Statements

## **(Notes to significant matters as the basis for preparation of consolidated financial statements)**

### 1. Accounting standards of consolidated financial statements

The consolidated financial statements of the Company Group are prepared in accordance with International Financial Reporting Standards (IFRS) pursuant to Article 120, Paragraph 1 of the Rules of Corporate Accounting.

For the consolidated financial statements, certain disclosure items required by IFRS have been omitted pursuant to the provision of the latter part of that paragraph.

### 2. Matters on the scope of consolidation

(1) Number of consolidated subsidiaries: 9 subsidiaries

(2) Names of major consolidated subsidiaries

The names of major consolidated subsidiaries are as described in “(7) Status of Significant Subsidiaries” of “1. Current Status of the Coca-Cola Bottlers Japan Group” in the Business Report.

### 3. Matters on the application of the equity method

(1) Number of affiliates accounted for using the equity method: 1

(2) Names of affiliates accounted for using the equity method

Resources Co., Ltd.

### 4. Matters on accounting standards

(1) Measurement of financial assets

#### a. Classification and measurement of financial assets

At initial recognition, financial assets are classified as either subsequently measured at amortized cost or at fair value. Financial assets measured at fair value through income or loss are initially recognized at fair value. Financial assets measured at fair value through other comprehensive income or at amortized cost, are initially recognized at fair value plus transaction costs directly attributable to the acquisition.

#### (a) Financial assets measured at amortized cost

Financial assets are classified as measured at amortized cost if both of the following conditions are met: the objective of the Group’s business model is to hold the assets in order to collect contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets measured at fair value

If any of two conditions above are not met, financial assets are classified as measured at fair value. For financial assets measured at fair value, the Group makes the determinations on an instrument-by-instrument basis whether to recognize it as measured at fair value through income or loss, or to make irrevocable designation as measured at fair value through other comprehensive income, except for equity instruments held for trading purposes which must be measured at fair value through income or loss.

For derivatives, see “c. Derivatives and hedging activities.”

Financial assets are subsequently measured as follows according to their classification.

(a) Financial assets measured at amortized cost

These are measured at amortized cost using the effective interest method and adjusted for impairment loss, if any. Amortizations using the effective interest method and gains or losses on derecognition are recognized in income or loss.

(b) Financial assets measured at fair value

These are measured at fair value at the reporting date. Changes in fair value are recognized in income or loss or in other comprehensive income depending on the classification of financial assets. Dividends from equity instruments designated as measured at fair value through other comprehensive income are recognized in income or loss. When equity instruments designated as measured at fair value through other comprehensive income are disposed of, cumulative changes in fair value recorded in accumulated other comprehensive income are reclassified to retained earnings.

b. Impairment

The Group calculates expected credit losses at the end of each period in order to assess collectability of financial assets measured at amortized cost. For financial instruments whose credit risk has not increased significantly since initial recognition, allowance for doubtful accounts is recognized at an amount of 12-month expected credit losses. For financial instruments whose credit risk has increased significantly since initial recognition, allowance for doubtful accounts is recognized at an amount of lifetime expected credit losses. However, allowance for doubtful accounts for trade receivables are always measured at lifetime expected credit losses.

Interest income of financial assets with significantly increased credit risk and objective evidence of impairment, is calculated through multiplying the carrying amount of the assets less allowance for doubtful accounts by effective interest rate.

The Group considers the following when determining whether objective evidence of impairment exists:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or delinquency in the payment of interest or principal;
- granting of concession for economic or legal reasons related to the borrower’s financial difficulty that the Group would not otherwise consider;
- increased likelihood of bankruptcy or other financial reorganization of the borrower; or
- the disappearance of an active market for that financial asset because of financial difficulty.

The Group directly reduces the carrying amount of a financial asset when it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. If the credit risk subsequently decreases and the decrease is clearly attributable to the event occurring after the recognition of impairment (such as an improvement in the credit rating of the borrower), the reversal of the impairment is recognized in income or loss.

#### c. Derivatives and hedging activities

Derivatives are initially recognized at fair value on the date of contract, and subsequently remeasured at fair value on each reporting date. The method to recognize gains or losses arising from remeasurement depends on whether the derivative is designated as a hedging instrument and, the nature of the hedged item, if designated. The Group designates certain derivatives as hedging instruments in cash flow hedge (i.e., hedge of particular risk associated with recognized asset or liability or a highly probable forecast transaction).

At the inception of the transaction, the Group documents the relationship between the hedging instrument and the hedged item, as well as its risk management objective and strategy for undertaking the hedge transaction. The Group also documents its assessment, both at the hedge's inception and on an ongoing basis, of whether the derivative used in hedging transactions are effective in offsetting changes in cash flows of the hedged item.

The effectiveness of a hedge is assessed on an ongoing basis, and a hedge is considered to be effective when all of the following requirements are met: there is an economic relationship between the hedged item and the hedging instrument; the effect of credit risk does not dominate the value changes resulting from that economic relationship; and the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item actually hedged and the quantity of the hedging instrument.

The effective portion of changes in fair value of a derivative designated and qualifying as a hedging instrument in cash flow hedges is recognized in other comprehensive income. Gains or losses related to ineffective portions are recognized in income or loss immediately.

Accumulated gains or losses recognized through other comprehensive income are reclassified into income or loss in the period in which the cash flows from the hedged item affect income or loss. However, if a hedged forecast transaction subsequently results in the recognition of non-financial assets (e.g., inventories, or property, plant and equipment), gains or losses previously recognized in other comprehensive income are reclassified and directly included in the initial cost of the assets. Such amounts are ultimately recognized as cost of sales in the case of inventories, and as depreciation in the case of property, plant and equipment.

If the qualifying criteria for hedge accounting are no longer met due to the expiry or sale of the hedging instruments, hedge accounting is discontinued prospectively. If the hedged future cash flows are still expected to occur, accumulated gains or losses recognized in other comprehensive income continue to be recognized as accumulated other comprehensive income. If forecast transaction is no longer expected to occur, gains or losses recognized in other comprehensive income are immediately reclassified to income or loss.

## (2) Measurement of inventories

Inventories are valued at the lower of cost or net realizable value. Trade discounts, rebates or other similar items, and interest incorporated into the nominal amount are deducted from the cost. The production costs include the costs of direct materials and any direct labor and manufacturing overheads. Net realizable value represents the estimated selling price less the estimated costs necessary to make the sale and the costs incurred in marketing, sale and distribution.

## (3) Measurement and depreciation or amortization of property, plant and equipment and intangible assets

### a. Property, plant and equipment (excluding lease)

Property, plant and equipment is measured initially at cost and subsequently carried at the cost less of any accumulated depreciation and any accumulated impairment losses.

Costs incurred to enlarge, upgrade or improve the items which increase productivity, capacity or efficiency, or extend the useful lives of the assets are capitalized as an increase in the cost of the related asset, while repairs and maintenance expenses are charged to expense as incurred.

The depreciable amount is the cost of the asset less the respective estimated residual values. The Group depreciates its property, plant and equipment primarily using the straight-line method over the estimated useful lives, as follows:

	<u>Years of estimated useful lives</u>
Buildings and Structures	2 – 60
Machinery, Equipment and Vehicles	3 – 20
Vending machines	2 – 11

The depreciation method estimated useful lives and residual values are reviewed at the end of each reporting period, and any necessary changes are applied prospectively as a change in accounting estimate. The Group does not depreciate its land and construction in progress.

### b. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance from which future economic benefits are expected to flow to the Group. Intangible assets are initially recognized at cost or production cost. After initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. The Group assesses whether the useful life of the intangible asset is identifiable and, if identifiable, evaluates the useful life based on the period over which the asset is expected to be used.

Intangible assets acquired separately are measured at cost at initial recognition. Intangible assets acquired in a business combination are recognized separately from goodwill and are measured at fair value at the acquisition date when such assets meet the definition of intangible asset and are identifiable, and their fair values can be measured reliably. Expenses incurred for the acquisition of software is carried as intangible assets. Development costs for internally developed software are carried as intangible assets when it is technically feasible, and it is more likely than not that future economic benefits will flow to the Group.



Major intangible assets with identifiable useful lives are software and the amortization is determined using the straight-line method over their estimated useful lives (5-10 years).

The amortization methods estimated useful lives and residual values are reviewed at the end of each reporting period, and any necessary changes are applied prospectively as a change in accounting estimate.

#### Contract related intangible assets

The Group's contract related intangible assets associated with the acquisition of Coca-Cola East Japan Co., Ltd. are the contracts entered into with The Coca-Cola Company ("TCCC") and related to the Group's exclusive rights to manufacture, distribute and sell under Coca-Cola brand in certain areas.

The term of the contract is 10 years, and it will be automatically renewed without review for renewal or extension.

The Group accounts for contract related intangible assets attributable to the bottling contract as intangible assets with indefinite useful lives. The Group believes that it is unlikely that it will not renew or extend the contract considering prior relationships with TCCC and the possible adverse effects on franchisors from non-renewal of the contract. Accordingly, there are limitations in predicting the period over which the assets may generate net cash flows.

Contract related intangible assets are not amortized but are tested for impairment annually and if events or changes in circumstances indicate a potential impairment.

#### c. Leases (as a lessee)

When concluding a contract, the CCBJI Group determines whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The CCBJI Group recognizes right-of-use assets and lease liabilities at the commencement date of the lease. Right-of-use assets are measured at cost on the commencement date. After the commencement date, the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses using a cost model. The lease period of the right-of-use asset is estimated as the non-cancellable lease period, together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. Right-of-use assets are depreciated by using the straight-line method, generally over 15 years from the commencement date.

Lease liabilities are measured on the commencement date at the present value of the lease payments that have not been made as of that date. After the commencement date, the carrying amount of the lease liabilities are adjusted to reflect the interest rate on the lease liabilities and the lease payments made. If the lease liabilities are revised or the terms of the lease are changed, the lease liabilities will be remeasured, and the right-of-use asset will be revised.

#### (4) Criteria for recording significant provisions

Provisions are recognized when the Group has present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the amount required to settle or transfer the obligation based on the best possible estimation, taking into account the information available on the event and its consequences. Adjustments arising from discounting the provision are recognized as finance costs when accrued.

#### (5) Employee benefits

##### a. Short-term employee benefits

Short-term employee benefits are charged to expense when the related services are rendered. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the amount can be estimated reliably.

##### b. Defined contribution plans

Contributions to defined contribution plans are recognized as expenses for a period of employees' providing services.

##### c. Defined benefit plans

The Group's net obligation related to defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of defined benefit obligations, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling, are recognized immediately in other comprehensive income and directly reclassified to retained earnings from accumulated other comprehensive income. The Group determines the net interest expense (income) on defined benefit obligations for the current reporting period by multiplying the discount rate used to measure the defined benefit obligations (assets) at the beginning of the period by the defined benefit liabilities (assets) and any plan assets.

Any changes in defined benefit obligations (assets) during the period as a result of contributions and benefit payments are taken into consideration when calculating the defined benefit obligations (assets) at the beginning of the period. Net interest expense and other expenses related to defined benefit plans are recognized in income or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in income or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

##### d. Long-term employee benefits

A liability is recognized for the amount expected to be paid under long-term employee benefits, if the Group has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the amount can be estimated reliably. The Group's long-term employee benefits are calculated by discounting the estimated future benefit to its present value.

The discount rate is determined based on the market yield of AA-rated corporate bonds at the reporting date, whose remaining period approximates the average remaining service period of employees.

## (6) Recognition of revenue

The Group recognizes revenue from contracts with customers by applying the following five steps, except for interest and dividend revenue which is accounted for under IFRS 15:

Step 1: Identify the contracts with customers

Step 2: Identify the performance obligation in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligation in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Group sells carbonated beverages, coffee, blended tea, mineral water, and other soft drinks. Revenue from these products is generally recognized upon delivery, as the performance obligation is considered to be satisfied upon delivery when the customer obtains control over these products. Revenue is measured at the consideration promised in contracts with customers less discounts, rebates and returns.

In addition, the Company has adopted a point system for customers, and the points granted in accordance with the purchase of goods and products can be used for future purchases of the Company's goods and products. After identifying the granted points as performance obligations and taking into account the use and expected execution of the points, the transaction price is allocated based on the profit selling price, and revenue is recognized when the points are used. The transaction price allocated to the performance obligation of points is recorded as "other current liabilities" in the consolidated statements of financial position.

## (7) Government Grants

Government grants are measured at fair value when there is reasonable assurance that the conditions attached to them are met and the grants will be received. Government grants relating to revenue are recognized in profit or loss over the period in which the related costs intended to be compensated by the grant are recognized as an expense and are recorded as other income. Government grants related to an asset are reduced directly when calculating the carrying amount for the asset.

Grants are recognized in profit or loss as a reduction of depreciation expense over the useful life of the applicable depreciation asset.

## 5. Critical accounting estimates

In preparing the consolidated financial statements in accordance with IFRS, management is required to make judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

We made financial estimate with assumption that increasing people on street. However, COVID-19 situation is expected to remain uncertain. If any estimates into the future change, the impact of the revises is recognized in the consolidated statements of profit or loss and consolidated statements of comprehensive income subsequent to the reporting period in which they are revised.

Information regarding assumptions and estimates that have a significant impact on the amounts recognized in the consolidated financial statements is as follows:

### (1) Useful lives of property, plant and equipment and intangible assets

#### a. Amount recorded in the Consolidated Statement of Financial Position for the current fiscal year

Property, plant and equipment	425,009 million yen
Right-of-use assets	21,841 million yen
Intangible assets	65,865 million yen

#### b. Information that contributes to an understanding of the content of accounting estimates

Property, plant and equipment is depreciated over the estimated useful lives, which is the period over which the future economic benefits of the asset are expected. If property, and equipment is obsolescent in the future or reused for other purposes, depreciation expense may increase, and the estimated useful life may be shorter. Details of useful life are provided in notes 4 (3) a. "Property, plant and equipment."

The right-of-use asset is estimated for the lease term with a non-cancellable period plus a reasonably certain period of time to exercise the option to extend or not to cancel the lease. Details of the useful life are described in note 4 (3) c. "Leases (as a lessee)".

Intangible assets are evaluated whether the useful life is definite or indefinite, based on the analyzing of all relevant factors and predictability of the period over which such intangible asset is expected to result in cash inflows. Intangible assets with definite useful life are amortized using the estimated useful life, which is the period over which the future economic benefits are expected. Amortization expense is subject to risks that may increase as a result of changes in the estimated useful life caused by external factors, such as changes in business conditions. Details of useful life are provided in notes 4 (3) b. "Intangible assets."

#### (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 the current fiscal year.

As a result of this change, operating loss and loss before tax for the current fiscal year, 2022 decreased by 8,333 million yen, respectively, compared with those based on the previous useful life.

(2) Information that contributes to an understanding of the content of accounting estimates

a. Amount recorded in the Consolidated Statement of Financial Position for the current fiscal year

Property, plant and equipment	425,009 million yen
Right-of-use assets	21,841 million yen
Intangible assets	65,865 million yen
Other	11,457 million yen

b. Information that contributes to an understanding of the content of accounting estimates

In performing impairment tests, the recoverable amount of a cash-generating unit is calculated based on its value in use. The recoverable amount of a cash-generating unit is calculated based on its value in use. Value in use is mainly estimated by discounting the estimated cash flows to its present value. Mid-term plans, which are the basis for future cash flows, are based on sales and cost plans for the relevant period. While such assumptions are based on management's best estimates and judgments, these assumptions may also be affected by changes in economic conditions that have a significant impact on future consolidated financial statements.

(3) Provision and contingent liabilities

a. Amount recorded in the Consolidated Statement of Financial Position for the current fiscal year

Provision (Current)	– million yen
Provision (Non-current)	1,761 million yen

b. Information that contributes to an understanding of the content of accounting estimates

Recoverable amounts are calculated based on assumptions using factors such as asset's useful life, future cash flows, discount rates and long-term average growth rates. While such assumptions are based on management's best estimates and judgments, these assumptions may also be affected by changes in economic conditions that have a significant impact on future consolidated financial statements. The accounting policies and reported amounts of provision are described in notes 4 (4) "Accounting standards for significant provision"

(4) Recoverability of deferred tax assets

a. Amount recorded in the Consolidated Statement of Financial Position for the current fiscal year

Deferred tax assets	20,581 million yen
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b. Information that contributes to an understanding of the content of accounting estimates

At recognition of deferred tax assets, the Group estimates the timing and amount of future taxable income based on the Group's mid-term plans. Estimates of future taxable income are based on mid-term plans. The main assumptions are the sales plan and cost plan for the period. In assessing the recoverability of deferred tax assets, the Company considers the expected reversal of deferred tax liabilities, projected future taxable income and tax planning. While such assumptions are based on management's best estimates and judgments, these assumptions may also be affected by changes in economic conditions that have a significant impact on future consolidated financial statements.

(5) Measurement of defined benefit plans obligation

a. Amount recorded in the Consolidated Statement of Financial Position for the current fiscal year

Retirement benefit liability	17,817 million yen
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b. Information that contributes to an understanding of the content of accounting estimates

The Groups adopts a variety of retirement benefit plans, including defined benefit plans. The present value and service cost of defined benefit obligations for all plans are based on actuarial projections. Actuarial projections require estimates and judgments related to variable factors such as discount rates, rates of salary increase and inflation. The Group is advised by external actuaries as to the adequacy of actuarial projections, including these variable factors. While actuarial projections are determined based on management's best estimates and judgments, they may be affected by changes in uncertain future economic conditions and the establishment and revise of related laws and regulations that could have a material effect on future consolidated financial statements.

(6) Measurement of financial instrument without quoted prices in active market

a. Amount recorded in the Consolidated Statement of Financial Position for the current fiscal year

Other financial assets (Current)	542 million yen
Other financial assets (Non-current)	15,888 million yen

b. Information that contributes to an understanding of the content of accounting estimates

The Group applies valuation techniques that use unobservable inputs in the market to evaluate the fair value of financial instrument without quoted prices in active market. Unobservable inputs may be impacted by uncertain future changes in economic conditions that could have a material impact on future consolidated financial statements. Details related to the assessment of financial asset are provided in (Notes regarding financial instruments)

**(Notes regarding Consolidated Statement of Financial Position)**

Accumulated depreciation of property, plant and equipment and right-of-use assets:	405,971 million yen
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**(Notes regarding Consolidated Statement of Income)**

Other income includes 3,329 million yen of government subsidies to cover employee's temporary leave cost due to the spread of COVID-19 and 4,587 million yen of gain on sale of property, plant and equipment. Other expenses include 2,168 million yen of temporary paid leave expenses, 2,564 million yen of Loss on sales of tangible fixed assets, 1,298 million yen of transformation-related expenses, 1,104 million yen of special retirement provision.

**(Notes regarding Consolidated Statement of Changes in Shareholders' Equity)**

## 1. Matters related to the total number of issued and outstanding shares

Type of shares	Number of shares as of January 1, 2022	Number of increased shares for the current consolidated fiscal year	Number of decreased shares for the current consolidated fiscal year	Number of shares at the end of current consolidated fiscal year
Common stock	206,269 thousand shares	–	–	206,269 thousand shares

## 2. Matters concerning dividends of surplus

## (1) Dividends paid

Resolution	Type of shares	Total amount of dividends (million yen)	Dividend per share amount (Yen)	Reference date	Effective date
March 24, 2022 Ordinary general meeting of shareholders	Common stock	4,484	25	December 31, 2021	March 25, 2022
August 10, 2022 Board of Directors	Common stock	4,484	25	June 30, 2022	September 1, 2022

(2) Among the dividends whose reference dates belong to the current consolidated fiscal year, the dividends whose effective date come after the end of the current consolidated fiscal year.

Resolution	Type of shares	Total amount of dividends (million yen)	Source of dividends	Dividend per share amount (Yen)	Reference date	Effective date
March 28, 2023 Ordinary general meeting of shareholders	Common stock	4,484	Retained earnings	25	December 31, 2022	March 29, 2023

## (Notes regarding revenue)

### (1) Information disaggregating revenue arising from contracts with customers

The Group's organizational structure is based on one business, the Beverage business. This business are components for which discrete financial information is available, and whose operating results are regularly reviewed by the entity's Board of Directors (chief management decision maker) to make decisions about resources to be allocated to the segment and assess its performance. Therefore, the revenue in these two businesses is presented as "Revenue" in the consolidated financial statement of profit and loss. In the Beverage business, the Group purchases, manufactures, and sells carbonated beverages such as Coca-Cola, coffee beverages, black tea beverages, mineral water and other beverages in Japan.

Revenue for sales of these products is recognized primarily at the time of delivery as the customer has obtained control over the products and the performance obligation is satisfied.

Payments relating to such performance obligations are received generally within two months of delivery. The contracts with customers do not include any material financial elements.

The contract liabilities, refund liabilities, amount of assets recognized from the costs of obtaining a contract or to fulfill a contract and amount of revenue recognized from performance obligations satisfied in prior periods were immaterial. In addition, information regarding the remaining performance obligations is omitted as there are no significant transactions in which the estimated individual contract periods exceed one year in the Group.

	(Millions of yen)	
	<b>Current fiscal year (From January 1, 2022 To December 31, 2022)</b>	
Revenue		
Goods or services transferred at a point in time	807,430	
Other revenue arising from customers and contracts		
Beverages	807,402	
Others	29	
Total	807,430	

### (2) Information that forms the basis for understanding revenue from contracts with customers

As stated in notes 4. Significant accounting policies (6) Revenue recognition.

### (3) Contract balances

①Receivables (accounts and notes receivable) arising from contracts with customers are as follows.

	(Millions of yen)	
	<b>Previous fiscal year (From January 1, 2021 To December 31, 2021)</b>	<b>Current fiscal year (From January 1, 2022 To December 31, 2022)</b>
Receivables arising from contracts with customers		
Accounts and notes receivable	72,527	77,105
Total	72,527	77,105



② Transaction price allocated to the remaining performance obligation

Information regarding the remaining performance obligation is omitted as there are no significant transactions in which the estimated individual contract periods exceed one year in the Group.

**(Notes regarding financial instruments)**

1. Matters concerning the situation of financial instruments

(1) Financial risk management

The Group is exposed to the following risks arising from financial instruments which are discussed below.

- Credit risk
- Liquidity risk
- Market risk

The Group faces a variety of financial risks (credit risk, liquidity risk and market risk (stock price risk, interest rate risk, currency risk and product price risk)) in its operations. The Group manages its risks based on established policies to prevent and reduce these financial risks. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are regularly reviewed to reflect market conditions and the business activities of the Group. The Group offers training and develops manuals and procedures to maintain a controlled environment in which all employees understand their roles and disciplines.

Based on the Group's risk management policy, derivatives are used to hedge certain risk exposures. The Group's policy is to use derivatives for hedging foreign exchange risk and price risk, but not for speculative transactions. The Company's finance division identifies, evaluates and hedges financial risks.

a. Credit risk

Credit risk is the risk that one party to a financial instrument will be unable to meet its obligations and the other party will incur financial losses. In the course of the Group's business, trade and other receivables and other financial assets (including deposits paid, marketable securities and other receivables) are exposed to the credit risk of counterparties. The carrying amount of the financial assets presented in the consolidated financial statements after impairment is the maximum exposure to credit risk of the Group of financial assets that does not take into account the appraised value of collateral acquired. In addition, with respect to certain counterparties, we have no significant exposure to credit risk and there are no undue concentrations of credit risk that we have specifically managed.

In order to manage credit risk, the Group manages payment dates and balances by customer in accordance with internal customer management regulations, and monitors the credit standing of major customer on a regular basis. In order to mitigate credit risk in derivative transactions, in principle, the Group only transacts with financial institutions with high credit ratings.

In addition, the Group determines the allowance for doubtful accounts based on its credit risk profile. For trade receivables, the Group measures the allowance for doubtful accounts at the same amount as lifetime expected credit losses. For receivables other than trade receivables, the allowance for doubtful accounts is generally measured at an

amount equal to the 12-month expected credit losses. However, when the credit risk increases significantly from the initial recognition, the allowance for doubtful accounts is recognized at an amount equal to the lifetime expected credit losses. The Group determines whether or not credit risk has significantly increased based on changes in the risk of default, considering factors such as information of past due date and deterioration in the financial condition of the obligor. All receivables other than trade receivables for which the allowance for doubtful accounts is measured at an amount equal to the 12-month expected credit losses are measured on a collective basis.

The amount of expected credit losses on trade receivables is calculated based on the simplified approach and entails first classifying the receivables according to the credit risk characteristics of the counterparty, and then multiplying each respective receivable by a provision rate that is determined by adding projection of future economic conditions to the historical rate of credit losses for the specific risk classification.

The amount of expected credit losses on receivables other than trade receivables is calculated based on the principal approach and entails two different methods depending on risk assessment. For receivables for which credit risk has not been considered to have increased significantly, the carrying amount is multiplied by the provision rate that is determined by adding projection of future economic conditions to the historical rate of credit losses of similar assets. For expected credit losses on assets that are deemed to have significantly increased credit risk and credit-impaired financial assets, the expected credit loss is measured as the difference between the present value of estimated future cash flow discounted at the initial effective interest rate of the asset, and its carrying amount.

#### b. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure that it will have sufficient liquid assets to meet its obligations when due, under both normal and stressed conditions, without incurring material losses or risking damage to the Group's reputation. The finance headquarters of the Company mainly manages the Group's liquidity risk by maintaining an appropriate level of retained earnings and credit facilities and monitors the actual and forecasted cash flows.

#### c. Market risk

Market risk is the risk that changes in market prices – such as interest rates and equity prices – will affect the Group's income or the value of marketable securities it possesses. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimizing the return.

##### (a) Interest rate risk

The majority of the Group's loans and bonds are under fixed interest rates, and the impact of interest rate fluctuation risk on the Group's income or loss is limited. Therefore, the Group considers that the interest rate risk is immaterial and has not performed a sensitivity analysis such as basis point value.

(b) Stock price risk

The Group is exposed to share price risk as a result of its holdings of equity securities. Equity securities are held for purposes other than trading and are mainly classified into financial assets measured at fair value through other comprehensive income.

(c) Currency risk

The Group is exposed to foreign exchange risks, particularly relating to U.S. dollars, because Coca-Cola Bottlers Japan Inc., which is the Company's consolidated subsidiary, purchases raw materials denominated in foreign currencies. Foreign exchange risks arise from forecast transactions, such as future purchases, or from assets and liabilities already recognized. The Group uses forward exchange contracts to hedge foreign exchange risk. Hedge accounting is applied to transactions that qualify for hedge accounting. Receivables and payables denominated in foreign currencies are subject to the risk of foreign exchange rates fluctuations. However, the impact of this risk is limited as it is offset by forward exchange contracts and other transactions.

(d) Product price risk

Coca-Cola Bottlers Japan Inc., which is the Company's consolidated subsidiary, purchases raw materials that are subject to price fluctuations due to weather, natural disasters and other factors. Therefore, the Group is exposed to price risk of raw materials. The Group engages in commodity swap transactions to mitigate risks of fluctuations in raw materials prices.

2. Classification by level of the fair value hierarchy

(1) Classification by level of the fair value hierarchy

Financial instruments measured at fair value on a recurring basis after initial recognition are classified into three levels of the fair value hierarchy, depending on the observability and significance of the inputs used in the measurement.

The fair value hierarchy is defined as follows:

Level 1: fair value (unadjusted) in the active market of the same asset or liability

Level 2: fair value based on inputs other than quoted prices included in Level 1, either directly observable inputs or indirectly, of observable inputs for asset or liability

Level 3: fair value based on unobservable inputs for asset or liability

When more than one input is used to measure the fair value, the level of the fair value hierarchy is determined based on the lowest level of input that is significant to the fair value measurement as a whole. Transfers between levels of the fair value hierarchy are recognized as having occurred at the beginning of each quarter.

There were no transfers between Level 1 and Level 2 during the third quarter of the prior year and third quarter of the current year.

## (2) Fair value measurement

Securities are classified as Level 1 of the fair value hierarchy by the measurement of share prices, if any, in active market for the same asset or liability. If there is no active market stock price for the same asset or liability, the Group uses valuation techniques such as stock prices in non-active markets, quoted market prices of similar companies and discounted future cash flow models. If significant inputs, such as quoted market prices and discount rates used in measurement are observable, such financial instruments are classified as Level 2, but are classified as Level 3 if inputs used in its measurement include significant unobservable inputs.

Unlisted securities are classified into Level 3 of the fair value hierarchy using valuation techniques based on discounted future cash flows, valuation techniques based on quoted market prices of similar companies, valuation techniques based on net asset value, and other valuation techniques. In the fair value measurement of unlisted securities, the Group uses unobservable inputs such as discount rates and valuation multiples and considers certain illiquidity discounts and non-controlling interest discounts as needed. The measurement methods for such fair value are determined by the Finance division in accordance with the Group's accounting policies.

The valuation techniques and significant unobservable inputs used in Level 3 fair value measurement are as follows:

Type	Valuation technique	Significant unobservable inputs	Interactions between significant unobservable inputs and fair value measurement
Financial instrument measured at fair value through other comprehensive income (Securities)	Comparison of similar companies	EBIT Multiple: 6.2 — 7.9 times EBITDA Multiple: 8.2 times PER: 6.7 — 32.9 times PBR: 0.9 — 2.2 times	Estimated fair value increases (decreases) when equity indices of comparable listed companies of the target are high (low)

EBIT Multiple: Corporate Value/EBIT

EBITDA Multiple: Corporate Value/EBITDA

PER: Price-Earnings Ratio

PBR: Price Book Value Ratio

(3) Financial instrument measured fair value on a recurring basis

The breakdown of financial instrument measured at fair value on a recurring basis is as follows

(Millions of yen)

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial instrument measured at fair value through profit or loss:				
Derivative assets	–	548	–	548
Subtotal	–	548	–	548
Financial instrument measured at fair value through other comprehensive income:				
Securities	8,701	–	3,046	11,747
Other	–	–	89	89
Subtotal	8,701	–	3,135	11,836
<b>Total</b>	<b>8,701</b>	<b>548</b>	<b>3,135</b>	<b>12,385</b>
<b>Financial liabilities</b>				
Financial instrument measured at fair value through profit or loss:				
Derivative liabilities	–	662	–	662
<b>Total</b>	<b>–</b>	<b>662</b>	<b>–</b>	<b>662</b>

A reconciliation of the beginning and ending balances of financial instrument classified as Level 3 is as follows:

	Financial assets measured at fair value through other comprehensive income
Balance at January 1, 2022	4,423
Purchase	2
Disposals	(487)
Losses recognized in other comprehensive income	(805)
Other	2
Balance at December 31, 2022	3,135

(4) Financial instrument measured at amortized cost

The amount recorded on consolidated statement of financial position as of December 31, 2022 fair values and the difference between these amounts are as follows.

	Amount recorded on consolidated statement of financial position (million yen)	Fair values (million yen)	Difference in amount (million yen)
Long-term loans payable and bonds	156,701	154,389	2,312

(Note) Long-term loans payable and bonds payable include the current portion of long-term loans payable and bonds payable. In addition, financial instruments whose fair values approximate their carrying values are not included in the table above.

The principal valuation techniques used for fair value measurements of financial instruments are as follows.

Loan payable

For loan payable with variable interest rates, fair values are deemed as their carrying amounts, as the rates reflect the market interest rate within the short term. For loans payable with fixed interest rates, the fair value is calculated using the present value of future cash flows discounted using the current interest rate adjusted for the remaining maturity period and credit risk.

Bonds payable

For bonds payable with quoted price, the fair value is estimated based on the quoted prices. For bonds payable without quoted prices, the fair value is calculated using the present value of future cash flows discounted using the current interest rate adjusted for the remaining maturity period and credit risk.

**(Per share information)**

Equity attributable to owners of the parent per share	2,655.38 yen
Earnings(loss) per share	(45.00) yen

**(Significant subsequent events)**

Not applicable.

# Non-consolidated Balance Sheet

As of December 31, 2022

(Millions of yen)

Assets		Liabilities	
<b>Current assets:</b>	<b>99,543</b>	<b>Current liabilities:</b>	<b>7,048</b>
Cash and deposits	6,285	Other accounts payable	347
Prepaid expenses	409	Accrued expenses payable	3
Short-term loan receivable of subsidiaries and affiliates	92,555	Money entrusted	5,622
Accrued income receivable	294	Allowance for bonuses	7
<b>Fixed assets</b>	<b>403,398</b>	Allowance for bonuses to directors	181
<b>Property, plant and equipment</b>	<b>60,366</b>	Income tax payable etc	647
Buildings	11,938	Other current liabilities	241
Structures	806	<b>Long-term liabilities:</b>	<b>151,492</b>
Tools, instruments and fixtures	9	Bonds payable	150,000
Land	47,613	Assets retirement obligation	926
<b>Intangible assets:</b>	<b>27</b>	Allowance for retirement benefit	2
Leasehold right	27	Provision for performance-linked compensation	449
Software	0	Other long-term liabilities	115
<b>Investments and other assets:</b>	<b>343,005</b>	<b>Total liabilities</b>	<b>158,540</b>
Investment securities of subsidiaries and affiliates	342,561	<b>Net assets</b>	
Deferred tax assets	21	<b>Shareholders' equity:</b>	<b>344,402</b>
Other assets	423	<b>Common stock</b>	<b>15,232</b>
<b>Total assets</b>	<b>502,941</b>	<b>Additional paid-in capital</b>	<b>266,949</b>
		Capital reserve	108,167
		Other additional paid-in capital	158,783
		<b>Retained earnings:</b>	<b>147,887</b>
		Legal reserve	3,317
		Other retained earnings:	144,570
		Reserve for advanced depreciation	675
		General reserve	110,388
		Retained earnings to be carried forward	33,507
		<b>Treasury shares</b>	<b>(85,667)</b>
		<b>Total net assets</b>	<b>344,402</b>
		<b>Total liabilities and net assets</b>	<b>502,941</b>

Note: Amounts less than one million yen are rounded.

## Non-consolidated Statement of Income

For the fiscal year ended December 31, 2022

(Millions of yen)

<b>Net revenues</b>		<b>5,640</b>
<b>Operating expenses</b>		<b>3,713</b>
<b>Operating income</b>		<b>1,927</b>
<b>Non-operating income:</b>		
Interest and dividend received	149	
Compensation for expropriation	168	
Other non-operating income	14	<b>331</b>
<b>Non-operating expenses:</b>		
Interest expenses	368	
Other expenses	21	<b>388</b>
<b>Recurring income</b>		<b>1,869</b>
<b>Extraordinary profit:</b>		
Gain on sale of fixed assets	615	<b>615</b>
<b>Extraordinary losses:</b>		
Impairment loss	15	<b>15</b>
<b>Income before income taxes</b>		<b>2,469</b>
Income taxes	743	
Income taxes deferred	163	
<b>Income</b>		<b>1,562</b>

Note: Amounts less than one million yen are rounded.



# Non-consolidated Statement of Changes in Shareholders' Equity

For the fiscal year ended December 31, 2022

(Millions of yen)

	Shareholders' equity									Total net assets
	Common stock	Additional paid-in capital			Retained earnings			Treasury stock	Total shareholders' equity	
		Capital reserve	Other additional paid-in capital	Total additional paid-in capital	Legal reserve	Other retained earnings (Note 1)	Total retained earnings			
Balance as of Jan. 1, 2022	15,232	108,167	158,783	266,950	3,317	151,975	155,292	(85,661)	351,812	351,812
Changes during this term										
Dividends of surplus	–	–	–	–	–	(8,967)	(8,967)	–	(8,967)	(8,967)
Income	–	–	–	–	–	1,562	1,562	–	1,562	1,562
Withdrawal of reserves	–	–	–	–	–	–	–	–	–	–
Acquisition of treasury stock	–	–	–	–	–	–	–	(6)	(6)	(6)
Disposal of treasury stock	–	–	(0)	(0)	–	–	–	0	0	0
(Net) Changes in items other than shareholders' equity during this term	–	–	–	–	–	–	–	–	–	–
Total changes during this term	–	–	(0)	(0)	–	(7,405)	(7,405)	(5)	(7,410)	(7,410)
Balance as of Dec. 31, 2022	15,232	108,167	158,783	266,949	3,317	144,570	147,887	(85,667)	344,402	344,402

Note 1: Breakdown of other retained earnings (Millions of yen)

	Other retained earnings			
	Reserve for advanced depreciation	General reserve	Retained earnings to be carried forward	Total other retained earnings
Balance as of Jan. 1, 2022	676	110,388	40,911	151,975
Changes during this term				
Dividends of surplus	–	–	(8,967)	(8,967)
Income	–	–	1,562	1,562
Withdrawal of reserves	(1)	–	1	–
Acquisition of treasury stock	–	–	–	–
Disposal of treasury stock	–	–	–	–
(Net) Changes in items other than shareholders' equity during this term	–	–	–	–
Total changes during this term	(1)	–	(7,404)	(7,405)
Balance as of Dec. 31, 2022	675	110,388	33,507	144,570

Note 2: Amounts less than one million yen are rounded.

## Notes to Non-Consolidated Financial Statements

### (Notes on matters concerning significant accounting policies)

#### 1. Valuation standards and methods for securities

##### (1) Securities held to maturity

Amortized cost method (straight-line method) is applied.

##### (2) Shares of subsidiaries and affiliated companies

Cost method based on the moving average method is applied.

##### (3) Other securities

Securities with available market values:

Market value method based on the market price, etc. at the fiscal year-end of the current term is applied. (Valuation differences are to be reported as a component of shareholders' equity, and the costs of securities sold are to be calculated by the moving average method)

Securities without available market values:

Cost method mainly based on the moving average method is applied.

#### 2. Depreciation method used for fixed assets

##### (1) Tangible fixed assets

Useful lives of major items below are calculated as follows, based on the straight-line method.

Buildings	2-50 years
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##### (2) Intangible fixed assets

Straight-line method is applied.

#### 3. Basis for recording provision

##### (1) Allowance for bonuses

In order to prepare for the payment of bonuses for employees, the Company records an estimated payment amount that has been incurred for this fiscal year.

##### (2) Allowance for officers' bonuses

In order to prepare for the payment of bonuses for officers, the Company records an estimated payment amount as of the end of this fiscal year.

##### (3) Allowance for performance-linked compensation

In order to prepare for the payment of shares and cash for Executive Directors and Executive Officers, the Company records an estimated payment amount as of the end of this fiscal year.

##### (4) Allowance for retirement benefit

In order to prepare for the payment of retirement benefit, the company records an estimate payment amount as of the end of year. Actuarial gains and losses are amortized from the following fiscal year by the straight-line method over a fixed number of years within the average remaining service period of employees.

#### 4. Accounting standards for income and expenses

The Company's operating revenue consists of real estate rents and dividends income from subsidiaries. The main performance obligation in real estate rents is the allowance of goods or services to subsidiaries. Since the performance obligation is satisfied when control of these promised goods or services is transferred to the customer, revenue is recognized when the performance obligation is satisfied. Dividends income is recognized as of the effective date of dividends.

#### **(Changes in Accounting Policies)**

(Application of Accounting Standard for Revenue Recognition, etc.)

"Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020; Hereinafter referred to as "Revenue Recognition Accounting Standard"), etc. is applied from the beginning of the current fiscal year, and revenue is recognized in the amount expected to be received in exchange for promised goods or services when control of the goods or services is transferred to a customer.

The application of the standard has no effect on profit and loss for the year under review and the balance of retained earnings at the beginning of the fiscal year.

(Application of Accounting Standard for Fair Value Measurement, etc.)

"Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; Hereinafter referred to as "Fair Value Measurement Accounting Standard"), etc. is applied from the beginning of the current fiscal year, and in accordance with the transitional treatment prescribed in paragraph 19 of the Fair Value Measurement Accounting Standard and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new accounting policies prescribed by the Fair Value Measurement Accounting Standard and others are applied prospectively. This change had no effect on the financial statements for the current fiscal year.

#### 5. Other important matters that form the basis for the preparation of financial statements

Not applicable.

#### **(Notes to the Non-Consolidated Balance Sheet)**

- |  |                    |
|--|--------------------|
| 1. Amount of accumulated depreciation of tangible fixed assets   | 63,290 million yen |
| 2. Monetary receivables from or payables to subsidiaries and affiliates (excluding the items stated separately in the Balance Sheet) |                    |
| Short-term monetary receivables  | 507 million yen    |
| Short-term monetary payables   | 5,652 million yen  |

**(Notes to Non-Consolidated Statement of Income)**

Transaction amount with affiliated company

Net revenues	5,640 million yen
Others (operating transactions)	122 million yen
Others (non-operating transactions)	149 million yen

**(Notes to Non-Consolidated Statement of Changes in Shareholders' Equity)**

Matters concerning class and total number of treasury shares

Type of shares	Shares as of January 1, 2022	Increase in shares for fiscal year 2022	Decrease in shares for fiscal year 2022	Shares as of December 31, 2022
Common shares	26,925thousand shares	4 thousand shares	0 thousand shares	26,928thousand shares

1. The increase of 4 thousand shares in the common shares of treasury stock is due to the purchase of shares based on a resolution of the Board of Directors and the purchase of shares constituting less than one unit.
2. The decrease of 0 thousand shares in the common shares of treasury stock is due to additional purchase of shares constituting less than one unit.

**(Notes on deferred tax accounting)****Breakdown of deferred tax assets and deferred tax liabilities by main cause**

Deferred tax assets	
Depreciation	1,720 million yen
Impairment loss	225 million yen
Other	726 million yen
Sub-total of deferred tax assets	2,670 million yen
Allowance for evaluation losses	(536) million yen
Total deferred tax assets	2,134 million yen
Deferred tax liabilities	
Reserve for advanced depreciation	(913) million yen
Valuation difference on land	(1,151) million yen
Other	(49) million yen
Total deferred tax liabilities	(2,114) million yen
Net deferred tax assets	21 million yen

**(Notes on transactions with related parties)**

Subsidiaries, etc.

Type	Name of company	Address	Capital or investment amount (million yen)	Line of business	Ownership of voting rights (%)	Relationship		Description of transaction	Transaction amount (million yen)	Accounting item	Year-end balance (million yen)
						Interlocking directorate	Business relationship				
Subsidiary	Coca-Cola Bottlers Japan Inc.	Minato-ku, Tokyo	100	Manufacture and sales of beverage and food products	Owned 100.0	concurrent post 2	Lending of funds	Lending of funds	5,640	Receivables from subsidiaries and affiliates	88,139
							Net revenues	Net revenues		–	–

(Notes)

1. The transaction amount does not include consumption tax. Year-end balance includes consumption tax, etc.

2. Transaction terms and conditions and the policy for deciding on these terms and conditions

Terms and conditions for the transaction with Coca-Cola Bottlers Japan Inc.

With regard to the lending of funds, the interest rate on loans is determined in consideration of market interest rates. In addition, the Company has adopted a cash management system for the purpose of improving the group's funds efficiency. Also, transaction amounts are stated in net value.

Regarding net revenues, it is accompanied by real estate leasing and is determined based on certain rational standards.

**(Notes on impairment loss)**

In the fiscal year under review, the Company recorded an impairment loss on the following asset groups.

Region	Use	Number of locations	Type	Impairment loss (million yen)
Kyushu	Idle asset	1	Buildings	0
			Land	15

The Company has divided assets for business use into groups by business unit that generates cash continuously based on management accounting system. As for rental property and idle assets, each individual property is recognized as the smallest grouping unit in order to detect and judge any sign of impairment.

For the current fiscal year, of the idle assets of which market value, etc. decreased, the book values of certain pieces of buildings and structures in the target locations are reduced to their recoverable amounts, and the amount of reduction is recognized as impairment loss.

The recoverable amounts of idle assets are calculated based on the valuation by real estate appraiser, etc.

**(Notes on per share information)**

Net assets per share 1,920.38 yen

Income per share 8.71 yen

**(Revenue Recognition Related)**

Information that forms the basis of understanding revenue arising from contracts with customers is as stated in “(Significant accounting policies) 4. Accounting standards for income and expenses.”

**(Significant subsequent events)**

Not applicable.

# Independent Auditor's Report

## Independent Auditor's Report

February 16, 2023

The Board of Directors

Coca-Cola Bottlers Japan Holdings, Inc.

Ernst & Young ShinNihon LLC

Tokyo Office

Tokuya Takizawa (Seal)

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

Makoto Matsumura (Seal)

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

Keita Tsujimoto (Seal)

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

### **Opinion**

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Coca-Cola Bottlers Japan Holdings, Inc. for the fiscal year from January 1, 2022 to December 31, 2022 in accordance with Article 444, Paragraph 4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of Coca-Cola Bottlers Japan Holdings, Inc. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting which allows companies to prepare consolidated financial statements with the omission of some disclosure items required under Designated International Financial Reporting Standards.

### **Basis for the Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan and are fulfilling other ethical responsibilities as an auditor.

We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

### **Emphasis of matter**

As described in 5 of the Notes to Consolidated Financial Statements, regarding Critical accounting estimates, the Company Group has reviewed the useful lives of its sales equipment and has changed them prospectively. This matter does not affect our opinion.

### **Other Description**

The other description consists of the business report and the supplementary schedules. Management is responsible for preparing and disclosing the other description. The Audit & Supervisory Committee is responsible for monitoring the execution of the duties of the Directors related to designing and operating the reporting process of the other description.

Our audit opinion on the consolidated financial statements does not include any other description and we express no opinion on such other description.

In auditing the consolidated financial statements, we are responsible for reading through the other description, and in the process of reading it through, reviewing whether there are any material discrepancies between the other description and the consolidated financial statements or the knowledge that we gained during our auditing process, and paying attention to any signs of material misstatement in other description in addition to such material discrepancies.

When we judge that there is any material misstatement in other description based on the tasks that we performed, we are required to report such fact.

We have found no matters to report with regard to the other description.

### **Responsibilities of Management and the Audit & Supervisory Committee for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting which allows companies to prepare consolidated financial statements with the omission of some disclosure items required under Designated International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting which allows companies to prepare consolidated financial statements with the omission of some disclosure items required under Designated International Financial Reporting Standards.

The Audit & Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

### **Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting which allows companies to prepare consolidated financial statements with the omission of some disclosure items required under Designated International Financial Reporting Standards, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Audit & Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit & Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles

### **Other Matter**

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

### **Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.



# Independent Auditor's Report

## Independent Auditor's Report

February 16, 2023

The Board of Directors  
Coca-Cola Bottlers Japan Holdings, Inc.

Ernst & Young ShinNihon LLC  
Tokyo Office  
  
Tokuya Takizawa (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant  
  
Makoto Matsumura (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant  
  
Keita Tsujimoto (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

### **Opinion**

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of Coca-Cola Bottlers Japan Holdings, Inc. for the fiscal year from January 1, 2022 to December 31, 2022 in accordance with Article 436, Paragraph 2-(i) of the Companies Act.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Coca-Cola Bottlers Japan Holdings, Inc. for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

### **Basis for the Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

### **Other Description**

The other description consists of the business report and the supplementary schedules. Management is responsible for preparing and disclosing the other description. The Audit & Supervisory Committee is responsible for monitoring the execution of the duties of the Directors related to designing and operating the reporting process of the other description.

Our audit opinion on the financial statements and the accompanying supplementary schedules does not include the other description and we express no opinion on the other description.

In auditing the financial statements and the accompanying supplementary schedules, we are responsible for reading through the other description, and in the process of reading it through, reviewing whether there are any material discrepancies between the other description and the financial statements and the accompanying supplementary schedules or the knowledge that we gained during our auditing process, and paying attention to any signs of material misstatement in other description in addition to such material discrepancies.

When we judge that there is any material misstatement in other description based on the tasks that we performed, we are required to report such fact.

We have found no matters to report with regard to the other description.

### **Responsibilities of Management and the Audit & Supervisory Committee for the Financial Statements and the Accompanying Supplementary Schedules**

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

### **Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules**

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.
- To express an opinion on the financial statements and the accompanying supplementary schedules, obtain sufficient and appropriate audit evidence relating to the financial information on components, which is included in the financial statements and the accompanying supplementary schedules. The auditor is responsible for giving instructions on, monitoring, and performing audits relating to the financial information on components. The auditor is solely responsible for audit opinions.

The auditor reports to the Audit & Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit & Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

### **Other Matter**

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

### **Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

## Audit Report

### Audit Report

We, as the Audit & Supervisory Committee (“A&S Committee”) conducted audits relating to the execution of duties by directors during FY 2022 business year from January 1, 2022 to December 31,2022, and hereby report the method of audits and results as follows.

#### 1. Method of audits and the details

A&S Committee received regular reports from directors and employees on the content of resolutions of the board of directors regarding matters prescribed in Article 399-13, Paragraph 1 (i) (b) and (c) of the Companies Act and the status of building and operation of the internal control system which had been developed based on the board resolutions, requested further explanations as needed, explained its opinions and conducted audits as below:

① A&S Committee members participated in important meetings in accordance with the audit policy specified by the Committee in cooperation with the company’s internal control department. A&S Committee received reports relating to the execution of duties by directors from directors and employees, requested further explanations as needed, and examined the process and details of decision-making at important meetings, etc. as well as the status of business and assets.

A&S Committee also received reports on the status of subsidiaries’ business as needed by communicating and exchanging information with directors, auditors, etc. of the subsidiaries.

② A&S Committee examined the basic policies (specified according to Article 118 (iii)(a) of the Companies Act) and the special efforts (specified according to Article 118 (iii)(b) of the Companies Act) described in the business reports in light of the status of deliberations at the board of directors and other meetings.

③ A&S Committee members conducted audits to ensure that accounting auditors kept independence and conducted appropriate accounting audits, while receiving reports on the execution of duties by them and requesting further explanations as needed. In addition, A&S Committee received notification by accounting auditors that they were developing a “structure to secure appropriate execution of duties by directors” in accordance with the “quality control standards relating to audits”, etc., and requested further explanations as needed.

Based on the above outlined method, we examined the business reports and their detailed statements, the financial statements and their detailed statements, as well as the consolidated financial statements relating to the business year in question.

## 2. Audit Results

### (1) Result of Audit of Business Reports, etc.

- ① We acknowledge that the business reports and detailed statements correctly indicate the company's situation in accordance with laws and regulations and the Articles of Incorporation.
- ② We acknowledge that there is no misconduct relating to the director's execution of duties or any significant facts that violate laws and regulations or the Articles of Incorporation.
- ③ We acknowledge that the details of resolutions of the board of directors relating to the internal control system are appropriate. Furthermore, we acknowledge that there is no point of concern to be indicated regarding the details stated in business reports relating to internal control systems and the execution of duties by the director. We also received reports from directors and ERNST & YOUNG SHIN NIHON LLC that they acknowledged the internal control relating to financial reporting was valid as of preparation of this Audit Report.
- ④ We acknowledge that there is no point of concern to be indicated regarding the basic policies relating to control of the company described in the business reports. We acknowledge that the special effort described in the business reports (specified according to Article 118 (iii) (b) of the Companies Act) is consistent with the basic policies, does not harm the common interests of shareholders of the company, and is not intended to maintain the position of officers of the company.

### (2) Results of Audit of Financial Statements and Detailed Statements

We acknowledge that the method and results of the audit by ERNST & YOUNG SHIN NIHON LLC are appropriate.

### (3) Results of Audit of Consolidated Financial Statements

We acknowledge that the method and results of the audit by ERNST & YOUNG SHIN NIHON LLC are appropriate.

February 16, 2023

Audit & Supervisory Committee, Coca-Cola Bottlers Japan Holdings Inc.

Audit & Supervisory Committee Member Irial Finan

Audit & Supervisory Committee Member Celso Guiotoko

Audit & Supervisory Committee Member Nami Hamada

Audit & Supervisory Committee Member Vamsi Mohan Thati

(Note) Audit & Supervisory Committee Member Irial Finan, Audit & Supervisory Committee Member Celso Guiotoko, Audit & Supervisory Committee Member Nami Hamada and Audit & Supervisory Committee Member Vamsi Mohan Thati are External Auditors provided for in Article 2(xv) and Article 331, Paragraph 6 of the Companies Act.