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FY2021 (Year Ending January 20, 2022) 2nd Quarter Financial Highlights

DyDo Group Holdings, Inc.

(1st Section of the Tokyo Stock Exchange: 2590)

August 30, 2021



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In this document, figures less than one million yen have been rounded down therefore the total amount may differ from the breakdown, and the figures including component ratio have been rounded to the first decimal point.

The plans, future projections and strategies for the DyDo Group stated in this document, with the exception of past or current facts, are projections of our future performance, and are based on the judgment and postulations of our management team based on the information available at the time. Accordingly, the actual performance may differ greatly from these due to unforeseen factors, the economic situation and other risks. This document is not intended to solicit any investment. Please use your own judgment when making investment decisions.

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1. Efforts toward Group Mission 2030

The DyDo Group's purpose for existing



- ▶ Offering delicious products for sound mind and body

DyDo Group Corporate Philosophy

Creating happiness and prosperity, together with people and with society. To achieve this goal, the DyDo Group will continue to embrace new challenges in a dynamic way.

DyDo Group Corporate Vision

Together with our customers.

With our high-quality products, we will offer our customers excitement and enhanced wellness, with distinctive delicious flavors that only DyDo can.

Together with the next generation.

We will create a "DyDo Standard" for the next generation that transcends national borders and conventional frameworks.

Together with society.

Bringing together all DyDo's resources in the entire Group's product development and corporate activities, we will help build a rich and vibrant society.

Together with our people.

We will tirelessly embrace the "DyDo Challenge" of bringing happiness to all whose lives are touched by the DyDo Group.

DyDo Group Slogan

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Offering delicious products
For sound mind and body

Group Mission 2030

For DyDo Group to create enjoyable, healthy lifestyles for people around the world

Together with our customers.



Nurturing our customers' health

We will deliver products and services that help improve health and quality of life for our customers around the world, in a tireless quest for delicious taste.

Together with society.



Taking the lead in social reform

We will take the lead in social reform, going beyond conventional wisdom to adopt new perspectives for achieving a sustainable society.

Together with the next generation.



Creating new value for future generations

We will take advantage of innovative technologies, bringing surprise and delight to all of our stakeholders.

Together with our people.

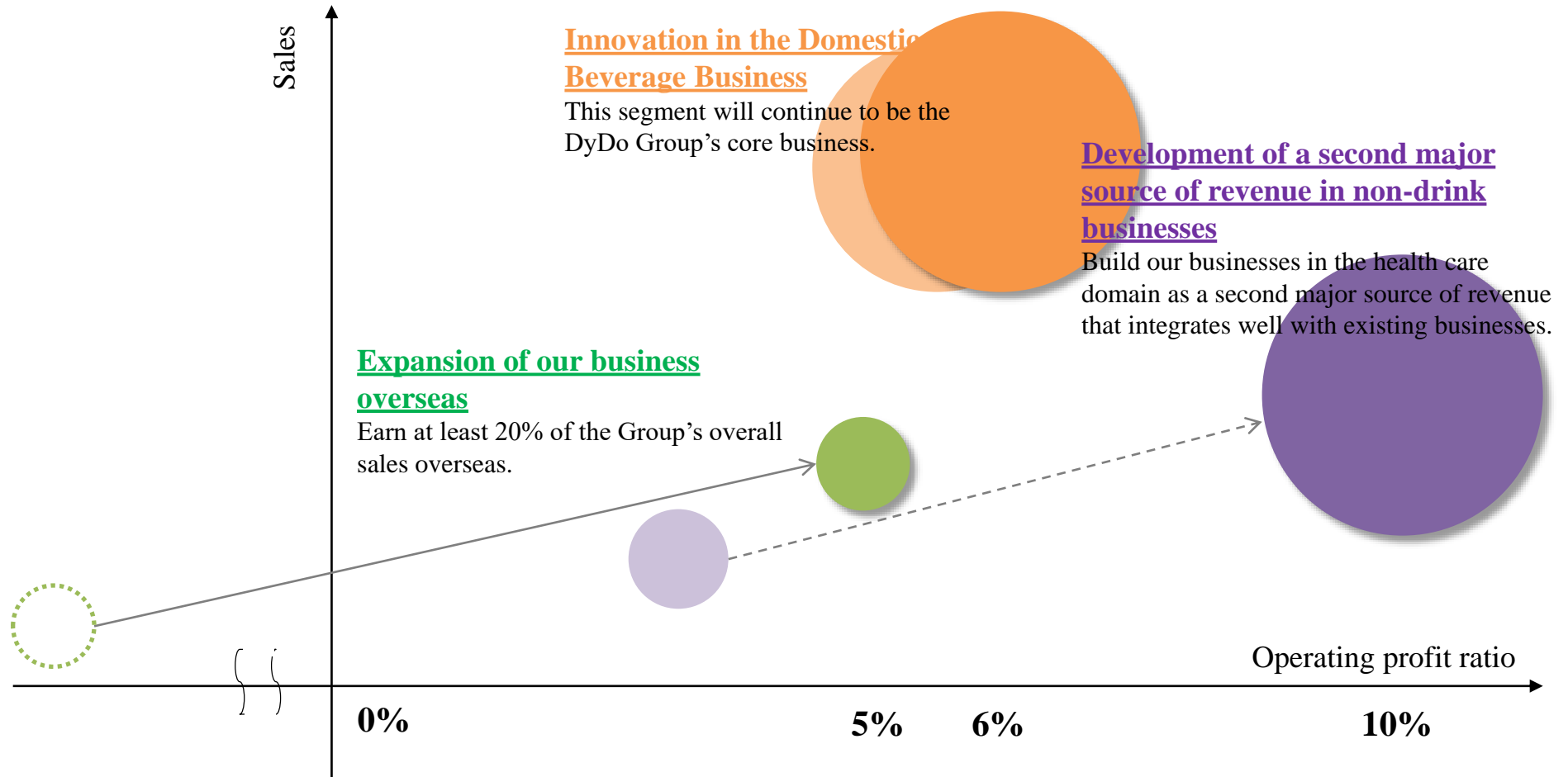


Connecting people to people

We will seek out new ways to form mutually beneficial relationships with stakeholders, both old and new, within and outside the company, working flexibly with them and respecting the diversity of their values and abilities.

Group Mission 2030 Basic Policies

- ▶ Strive to develop a business portfolio characterized by high growth, profitability, and efficiency

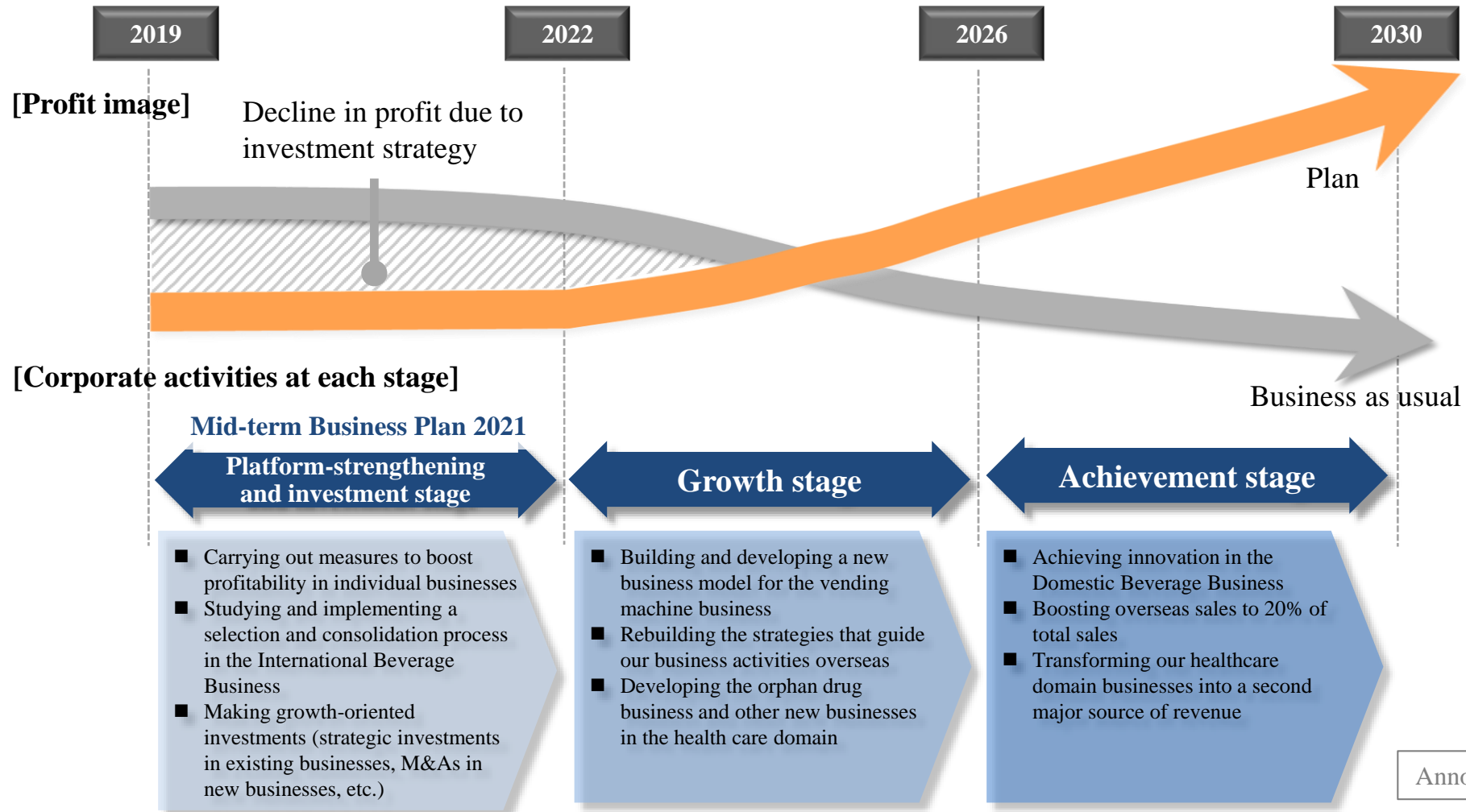


*Figure intended as a general illustration. The size of each circle represents operating income, with FY2018 and FY2030 indicated by light and dark colors, respectively.

Announced January 2019

Group Mission 2030 Roadmap

▶ Although revenue will fall temporarily, we will make advance investments to achieve sustained growth.




Efforts toward Group Mission 2030

- ▶ In the Domestic Beverage Business, we are implementing initiatives aimed at strengthening and expanding our vending machine network and are rolling out smart operations companywide
- ▶ In our non-beverage businesses, we have cultivated our home shopping sales of supplements to the point where they are a high-profit, high-growth business. We have also concluded license agreements in the orphan drug business

Basic policies

Initiatives



Innovation in the Domestic Beverage Business

- ✓ Through both quantitative (number of personnel) and qualitative (proposal ability) improvements, there continue to be positive increases in the number of vending machines in our network, which forms the basis of our sales
- ✓ Our goal has been to create a smart operational structure that raises the productivity of our vending machine operations (Expansion to all direct sales sites is due to be completed in April 2022)  **p.9~10**

Expansion of our business overseas

- ✓ We are conducting a review of our strategic facilities looking at making the entire business profitable (In October 2020, we withdrew from the Malaysian market)
- ✓ The future development plan to be announced in the next mid-term business plan is currently under consideration

Development of a second major source of revenue in non-beverage businesses

- ✓ Home shopping supplement business (a Domestic Beverage Business segment) has been fostered into a high-growth, high-profit business  **p.23**
- ✓ Two license contracts have been agreed in the orphan drug business  **p.32**

Major Measures in FY2021

▶ In the Domestic Beverage Business, we are aiming to improve both profitability and our competitiveness in the labor market, and to that end we will implement the following two major measures in fiscal 2021

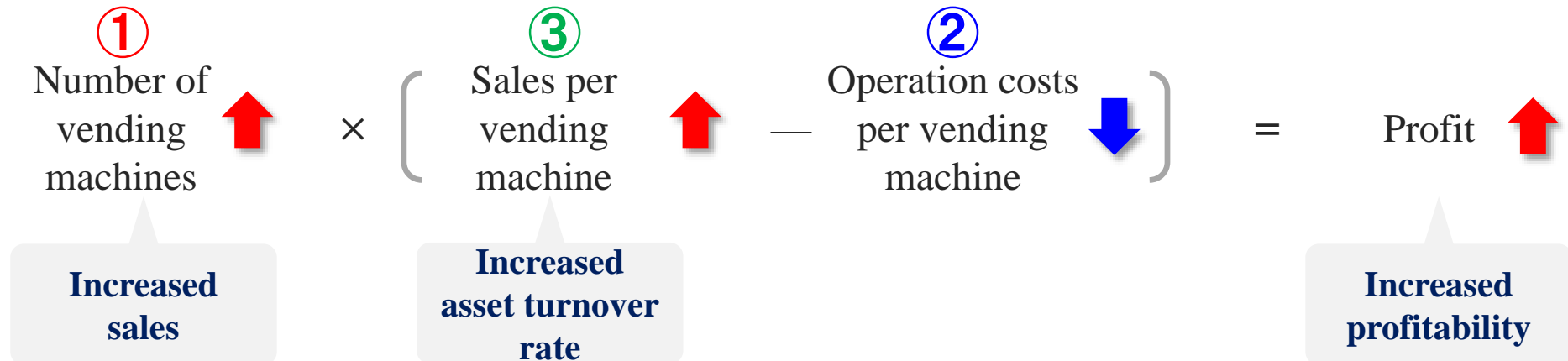
1 Strengthening and expanding our vending machine network

- ✓ Increase in the number of vending machines ①
- ✓ Acquisition of high-profit locations and curbing removals from sites ③

2 Companywide rollout of smart operations

- ✓ Enhancement of operational productivity (target: 30% improvement over pre-switch levels) ②
- ✓ Application of personnel to location development and as support representatives ① ③
- ✓ Optimization of product lineups by applying data findings ③

● Effect of measures

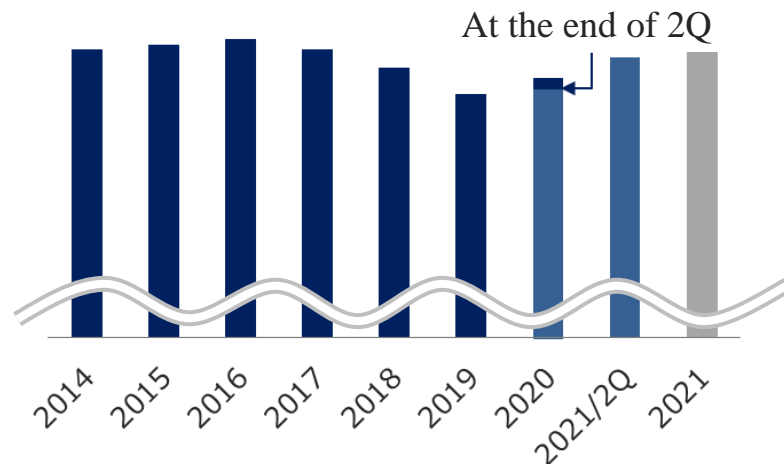




1 Strengthening and expanding our vending machine network

- ✓ Our policy of curbing how many machines are removed has been a success; we will continue to maintain a steady increase in the number of machines
- ✓ We will increase dramatically the number of new locations compared to the previous year
- ✓ Steadily improve remote sales team performance

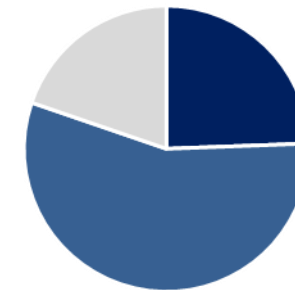
● Trends in DyDo vending machine numbers



2 Companywide rollout of smart operations

- ✓ In the first half of the fiscal year, we have finished rolling out smart operations to 25% of our sales locations, and at those we haven't reached yet we are also in the process of gradually reforming work tasks
- ✓ By April 2022, we plan to have completed a companywide rollout for direct sales (DyDo Beverage Services)
- ✓ There is a risk that there will be a delay in the procurement of certain communications devices due to a global shortage of semiconductors
- ✓ We will improve our EX to offer value that customers and location owners will choose

● Status of transition to smart operations (proportion of sites where the switchover is complete)



■ Switchover complete ■ To be completed within FY2021

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2. FY2021 (Year Ending January 20, 2022) 2nd Quarter Financial Highlights

Overview of Consolidated Financial Results for FY2021 2nd Quarter

- ▶ Consolidated sales during the second quarter totaled 79,922 million yen (up 2.8 % year on year, increased revenue in the vending machine channel led to improved overall performance)
- ▶ Expenses grew due to advance investments, but overall we secured operating profits of a similar level to the previous year
- ▶ By improving our extraordinary income and loss figures, the profit attributable to owners of parent for the quarter increased by 36.1% compared to the same period in the previous year

Millions of yen

	2nd quarter (Jan.21-Jul. 20)					Full year						
	FY2020		FY2021			FY2020		FY2021 (outlook)				
	Amount (YoY)	Component ratio	Amount (YoY)	Component ratio	% (YoY)	Amount (YoY)	Component ratio	Amount (YoY)	Component ratio	% (YoY)		
Net sales	77,773	100.0%	79,922	100.0%	2.8%	2,149	158,227	100.0%	164,500	100.0%	4.0%	6,272
Operating profit	2,776	3.6%	2,743	3.4%	(1.2%)	(33)	5,602	3.5%	4,200	2.6%	(25.0%)	(1,402)
Ordinary profit	2,455	3.2%	2,813	3.5%	14.6%	357	5,727	3.6%	4,300	2.6%	(24.9%)	(1,427)
Profit attributable to owners of parent	1,301	1.7%	1,771	2.2%	36.1%	469	3,204	2.0%	2,600	1.6%	(18.9%)	(604)
EPS	80.44yen		113.36yen			32.92yen	201.31yen		166.46yen			(34.86yen)
Dividend per share	30yen		30yen			-	60yen		60yen			

FY2021 2nd Quarter Consolidated Earnings (by Segment)

- ▶ The Domestic Beverage Business secured increased revenue and increased profit due to the declaration of states of emergency in Japan
- ▶ The International Beverage Business saw a drop in sales in terms of Japanese yen due to currency fluctuations in the Turkish beverage business, its main driver

Millions of yen

	2nd quarter (Jan.21-Jul.20)				Full year			
	FY2020	FY2021	% (YoY)	Amount (YoY)	FY2020 results	FY2021(outlook)	% (YoY)	Amount (YoY)
Domestic Beverage Business	54,822	57,764	5.4%	2,941	115,536	122,400	5.9%	6,863
International Beverage Business	6,769	5,711	(15.6%)	(1,058)	12,191	10,400	(14.7%)	(1,791)
Pharmaceutical-Related Business	5,409	5,682	5.0%	272	10,324	11,400	10.4%	1,075
Food Business	11,184	11,088	(0.9%)	(96)	20,900	20,900	(0.0%)	(0)
Other	—	—	—	—	—	—	—	—
Adjustment	(413)	(324)	—	89	(725)	(600)	—	125
Total net sales	77,773	79,922	2.8%	2,149	158,227	164,500	4.0%	6,272
Domestic Beverage Business	2,793	3,363	20.4%	570	7,110	7,150	0.6%	39
International Beverage Business	(41)	(352)	—	(310)	(175)	350	—	525
Pharmaceutical-Related Business	(63)	49	—	112	(425)	(450)	—	(24)
Food Business	857	804	(6.2%)	(53)	946	550	(41.9%)	(396)
Other	(75)	(399)	—	(324)	(317)	(1,050)	—	(732)
Adjustment	(694)	(721)	—	(27)	(1,536)	(2,350)	—	(813)
Total operating profit	2,776	2,743	(1.2%)	(33)	5,602	4,200	(25.0%)	(1,402)

*"Other" represents the orphan drug business, which is not included in the reported segments

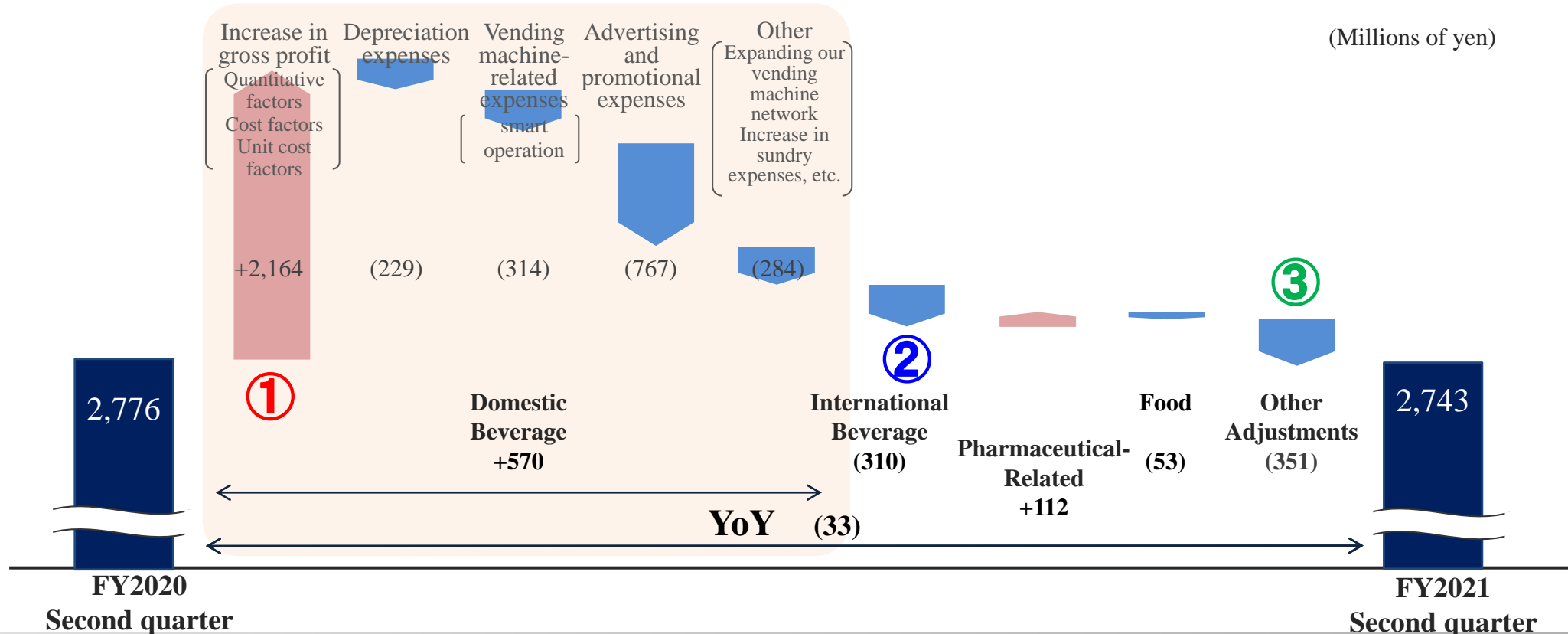
Principal Impacts of COVID-19 and Future Measures

▶ While the changes to the economy wrought by COVID-19 are still having some effect on our performance, at this time we have judged that there is no need to amend our performance forecasts.

	Anticipated Future Impacts	Future Measures
Domestic Beverage Business	<ul style="list-style-type: none"> Sales in the beverage industry in the first half of the year (Jan–Jun) increased by around 1% from FY2020, but these still fell short of FY2019 results by around 7%; performance has not yet returned to pre-pandemic levels. While sales competition in the distribution market (convenience stores, mass retailers, etc.) has intensified due to people working from home and changes to consumer behavior, the industry is also seeing differences in the measures companies are taking toward vending machines. 	<ul style="list-style-type: none"> In addition to strengthening our vending machine network, we constructed a smart operational structure. The aim for this is to establish a sustainable vending machine business model that is able to respond flexibly to changes in the market.
International Beverage Business	<ul style="list-style-type: none"> In the Turkish beverage business, forecasts predict that the impact on the economy will drag on due to lockdowns imposed due to further waves of COVID-19, as well as other factors. The weakness of the Turkish lira has also affected cost prices. Between this and dramatic increases in logistics expenses, our costs have risen. With Turkish government inflation countermeasures in place, though, it is very difficult to pass these costs on to sales prices. 	<ul style="list-style-type: none"> We will aim to secure profits by cutting costs and expanding sales, particularly of our “Saka” mineral water for which household demand is high. We have set ourselves the goal of transitioning the entire International Beverage Business segment to a profitable footing and we are rebuilding our overseas business strategy.
Pharmaceutical-related Business	<ul style="list-style-type: none"> Sales trends for drinkable preparations for our customer companies and other products have been, by and large, downward. There is, however, also a change toward proactive investment in some areas. With the pandemic having gone on for a year, the market for pouch products has been improving since April, compared to last year. 	<ul style="list-style-type: none"> We will focus our efforts on launching new contracted products that use pouch containers and we will also promote an internal structure that allows us to achieve more efficient production through our four plants at two bases.
Food Business	<ul style="list-style-type: none"> As people have been staying at home more, they are finding other ways to enjoy fruit. This has meant that sales in the dessert market, which includes jelly, are down on last year. There is the possibility that changes in consumer behavior will result in a continuation of the challenging sales situation at convenience stores. 	<ul style="list-style-type: none"> We continue to work on developing products that meet lifestyle changes and initiatives that enhance our productivity. Our aim through these efforts is to bolster our revenue power.
Other	<ul style="list-style-type: none"> There is a risk that clinical trials of orphan drugs may become delayed by the pandemic 	<ul style="list-style-type: none"> While making forecasts of the influence posed by COVID-19 is difficult, we will continue to work to gather information.

Factors Contributing to Changes in Operating Profit in FY2021 2nd Quarter

- ▶ In the Domestic Beverage Business, increased revenue in the vending machine and healthcare channels led to improved sales profit, which contributed to a rise in profit for the business segment ①
- ▶ The International Beverage Business' performance was affected by lower revenue from the Turkish beverage business as well as a dramatic rise in raw material prices and logistics costs ②
- ▶ Other adjustments include expenses incurred in concluding DyDo Pharma's license agreements (signed June 2021) ③

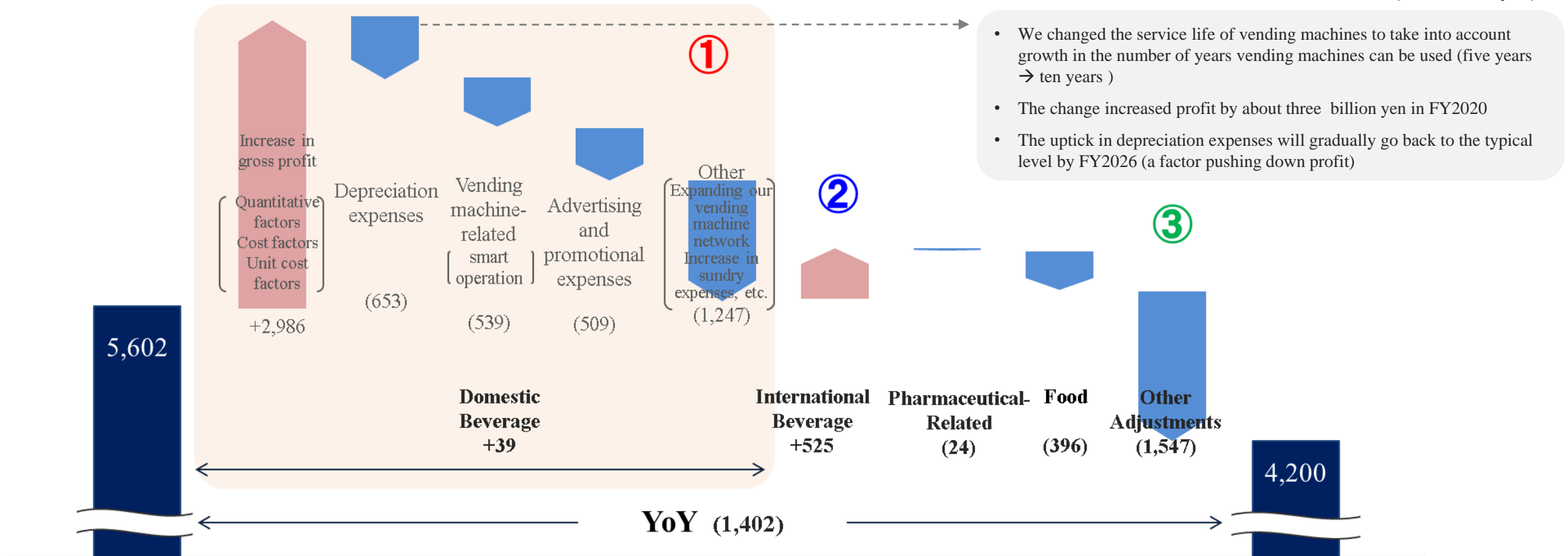


【Reference】

FY2021 Factors Contributing to Changes in Operating Profit (vs. Previous Year)

- ▶ The expenses for expanding our vending machine network and establishing smart operation increased in the Domestic Beverage Business ①
- ▶ We achieved profitability in the International Beverage Business through the withdrawal from the Malaysian business and improved profits in the Chinese business ②
- ▶ We earmarked a budget associated with our growth strategy in the Healthcare domain ③

(Millions of yen)



Financial Position: Principal Changes in the Consolidated Balance Sheet

- ▶ The increases in accounts receivable, inventories, and accounts payable are seasonal factors
- ▶ Fluctuations in the market value of cross-shareholdings led to an increase in the valuation difference on available-for-sale securities

(Millions of yen)

Financial assets ^{*1}	70,415	Interest-bearing debt ^{*2}	36,949
Accounts receivable	16,010	Accounts payable	16,174
Inventories	8,103	Other	21,860
Property, plant and equipment	51,093	Net assets	82,609
Intangible assets			
Other	11,970		
Total assets	157,594	Total liabilities and net assets	157,594

January 20, 2021

(Millions of yen)

Change from previous year shown underneath each figure

Financial assets ^{*1}	73,652 3,236	Interest-bearing debt ^{*2}	38,603 1,653
Accounts receivable	21,949 5,939	Accounts payable	22,355 6,180
Inventories	10,599 2,495	Other	24,201 2,341
Property, plant and equipment	52,571 1,477	Net assets	86,674 4,065
Intangible assets			
Other	13,062 1,091		
Total assets	171,836 14,241	Total liabilities and net assets	171,836 14,241

July 20, 2021

*1: Cash and deposits, securities, investment securities (excluding shares of subsidiaries), and long-term deposits

*2: Short- and long-term loans payable, short- and long-term lease liabilities and obligations, bonds payable, and long-term guaranty deposits

Principle Changes in Free Cash Flow

▶ EBITDA improved due to the contribution made by the vending machine channel

	Millions of yen		
	FY2020	FY2021	Amount (YoY)
EBITDA (Operating profit + depreciation costs + amortization of goodwill)	6,050	6,315	265
Amount of change in working capital cash flow	(2,948)	(2,469)	478
Other	(1,123)	(2,062)	(939)
Operating cash flow (a)	1,979	1,783	(195)
Expenditures related to the acquisition of tangible and intangible fixed assets (b)	(4,673)	(4,766)	(92)
Free cash flow (a-b)	(2,694)	(2,982)	(287)

■ Capital investment

	Millions of yen		
	FY2020	FY2021	Amount (YoY)
Domestic Beverage	3,097	3,811	713
International Beverage	442	946	503
Pharmaceutical-related	244	132	(111)
Food	475	364	(110)
Companywide (including others)	74	220	145
Total	4,334	5,474	1,140

■ Depreciation costs

	Millions of yen		
	FY2020	FY2021	Amount (YoY)
	1,710	1,939	228
	258	267	8
	518	593	75
	399	407	8
	197	182	(14)
Total	3,084	3,390	306

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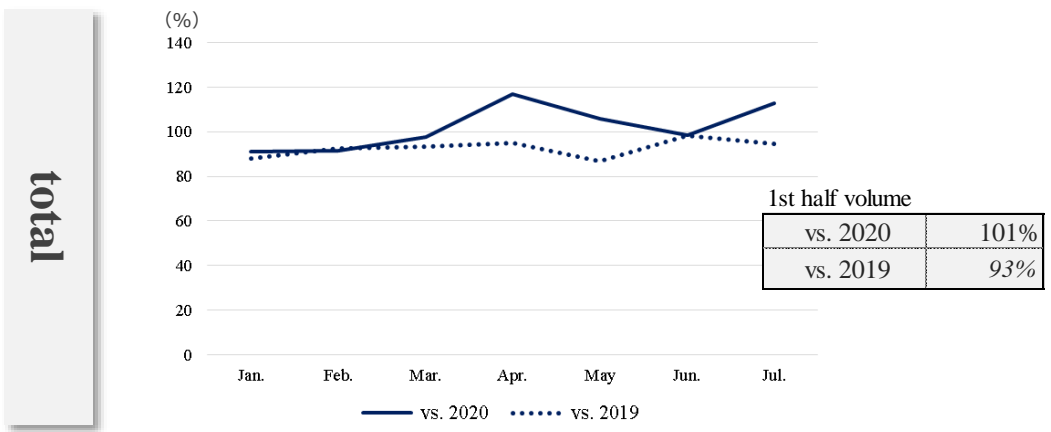
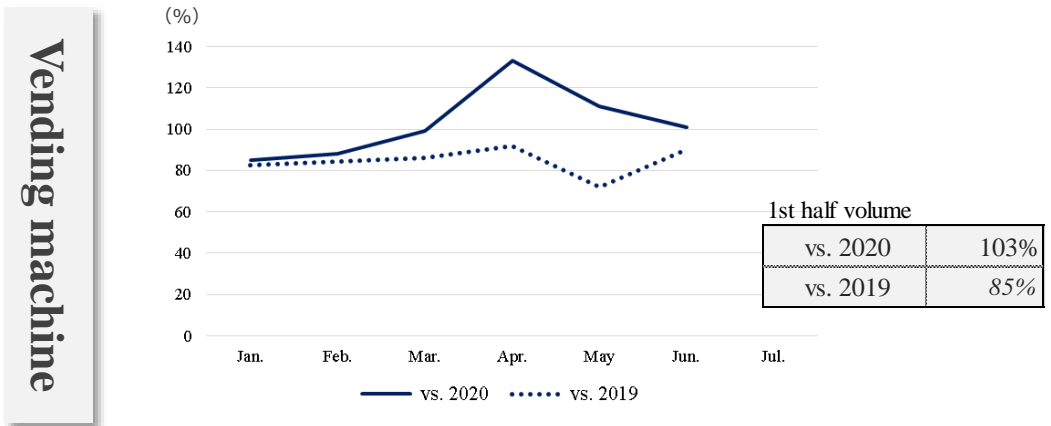


3. Overview by Segment for FY2021 (Year Ending January 2022) 2nd Quarter

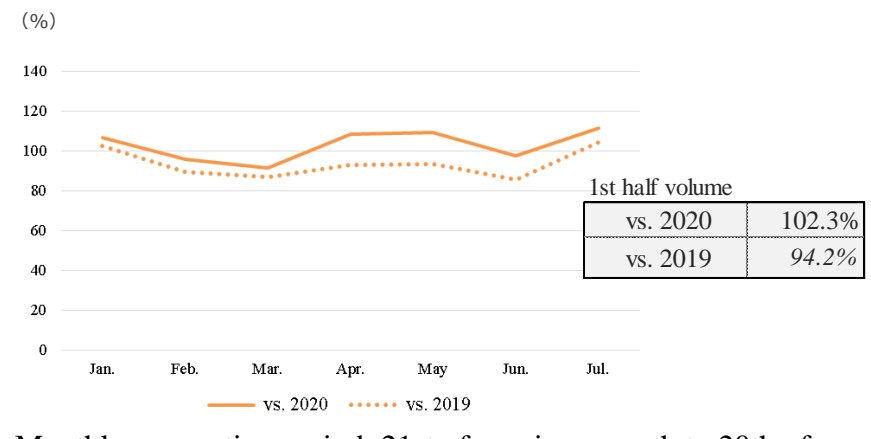
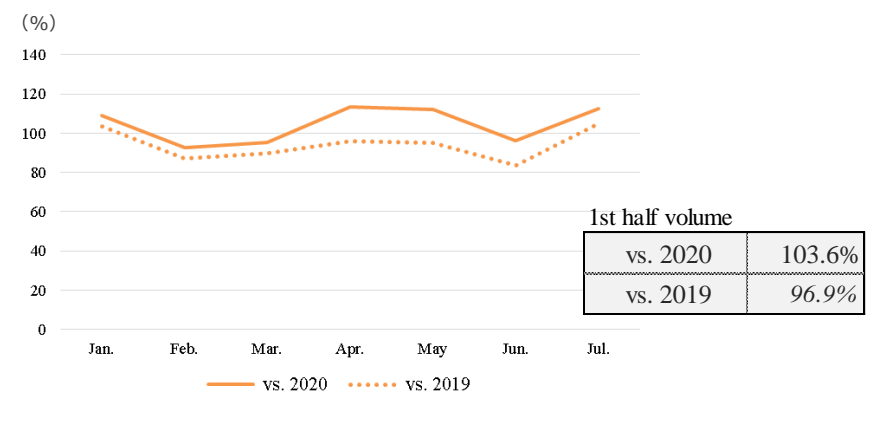
Trends in Domestic Beverage Market

▶ While April and May saw a rebound due to the declaration of states of emergency last year, overall industry sales are yet to return to pre-pandemic levels

● Monthly sales in the beverage industry (vs.2020/vs.2019)



● Our monthly sales (vs.2020/vs.2019)



Monthly accounting period: 21st of previous month to 20th of current month
(For example, the July accounting period runs from June 21 to July 20.)

Source: Food Marketing Research Center

Domestic Beverage Business Overview by Segment

- ▶ With an increase in the number of machines, sales volume increased in the vending machine channel and profits grew in the Domestic Beverage Business

Millions of yen

	2nd quarter					Full year						
	FY2020	Component ratio	FY2021	Component ratio	% (YoY)	Amount (YoY)	FY2020	Component ratio	FY2021 (outlook)	Component ratio	% (YoY)	Amount (YoY)
Net sales	54,822	—	57,764	—	5.4%	2,941	115,536	—	122,400	—	5.9%	6,863
Operating profit	2,793	5.1%	3,363	5.8%	20.4%	570	7,110	6.2%	7,150	5.8%	0.6%	39
Depreciation expenses	1,710		1,939		13.4%	228	3,548		4,200		18.4%	651

(Accounting period under review: January 21 to July 20)

- ✓ Sales volume in the vending channel exceeded the previous year against the backdrop of more vending machines
- ✓ The home shopping supplement business continued to grow at a high rate **▶ p.23**
- ✓ Gross profit increases negated the increase in smart operation rollout costs, advertising expenses, depreciation, etc.
- ✓ The number of vending machines continues to rise
- ✓ The rollout of smart operations is going according to plan **▶ p.10**

● Sales by channel

Millions of yen / 1,000 cases

		FY2020	FY2021		
			% (YoY)	Amount (YoY)	
Net Sales	Vending machine channel	43,560	46,107	5.8%	2,547
	Other	11,262	11,656	3.5%	394
	Total	54,822	57,764	5.4%	2,941
Sales Quantity	Vending machine channel	19,929	20,674	3.7%	745
	Other	4,480	4,226	(5.7%)	(253)
	Total	24,409	24,901	2.0%	491

- Other : Distribution channel, Mail-order channel, and International channel (an export of Japanese products to Asia etc.)



▶ Enhancing Our Coffees

- ✓ By renewing the “Demitasse” series for optimal taste in new container, we hope to improve the numbers of customers trying our products as well as the rate of repeat custom
- ✓ We will begin selling a new “DyDo Blend” can design using characters from the popular TV anime *Jujutsu Kaisen* with the aim of having new customers try the product as well as instilling the habit of using vending machines

● The 5 items of the “DyDo Blend Premium Demitasse” series



● Popular TV anime *Jujutsu Kaisen* meets “DyDo Blend”



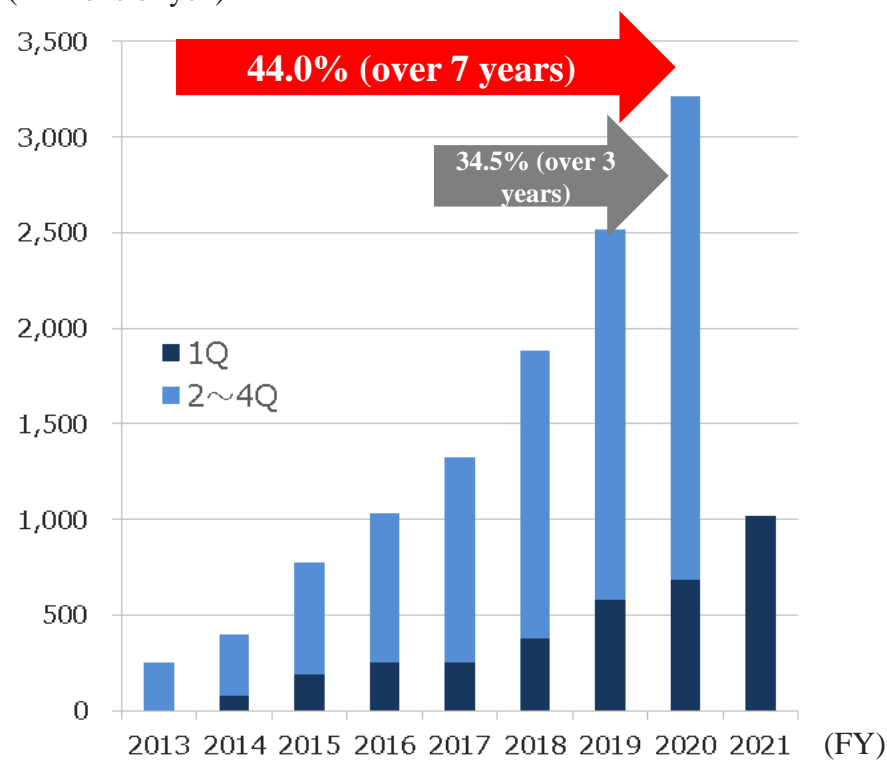
Domestic Beverage Business

Progress in the Mail-order Business

- ▶ There has been steady growth in the supplement home shopping sales channel
 - ✓ The number of regular customers has steadily increased, and growth continues in both sales and profit
 - ✓ We have enhanced measures that target new customers and ensure that they become regulars

● Mail-order sales channel sales and CAGR (full-year)

(Millions of yen)



● The flagship channel product, “Locomo Pro,” is driving the growth of the customer base



International Beverage Business Overview by Segment

- ▶ Sales were down on a Japanese yen basis due to fluctuations in the exchange rate for the Turkish lira. Profits were also reduced because of an increase in costs.

Millions of yen

	2nd quarter					Full year						
	FY2020	Component ratio	FY2021	Component ratio	% (YoY)	Amount (YoY)	FY2020	Component ratio	FY2021 (outlook)	Component ratio	% (YoY)	Amount (YoY)
Net sales	6,769	—	5,711	—	(15.6%)	(1,058)	12,191	—	10,400	—	(14.7%)	(1,791)
Operating profit	48	0.7%	(279)	(4.9%)	—	(327)	(9)	(0.1%)	470	4.5%	—	479
Amortization of goodwill, etc.	90	1.3%	73	1.3%	(18.8%)	(16)	165	1.4%	120	1.2%	(27.5%)	(45)
Operating profit after subtracting amortization of goodwill, etc.	(41)	(0.6%)	(352)	(6.2%)	—	(310)	(175)	(1.4%)	350	3.4%	—	525
JPY per TRY	16.55yen		13.44yen		(3.11yen)		15.18yen		11.00yen		(4.18yen)	
JPY per CNY	15.38yen		16.76yen		1.38yen		15.45yen		15.38yen		(0.07yen)	

(Accounting period under review: January 1 to June 30)

- Turkish beverage business

- ✓ Despite lockdowns arising from further waves of COVID-19, we achieved improved profits on a local currency basis, although foreign exchange rates meant that sales were actually down on a Japanese yen basis
- ✓ Profit was affected by a number of factors, including temporary costs associated with exports to the UK, increased costs of importing raw materials such as those used in plastic bottles because of the weak lira, and the dramatic surge in logistics expenses

- Chinese beverage business

- ✓ Local production started smoothly, and we focused our efforts on constructing a new business model

- (Reference) Performance in Malaysian business in FY2020

- ✓ We sold out the stock in previous year (October 2020)

millions of yen

	FY2020	
	First quarter	Full year*
Net sales	564	720
Operating profit	(264)	(448)
Malaysian ringgit	25.42	25.33

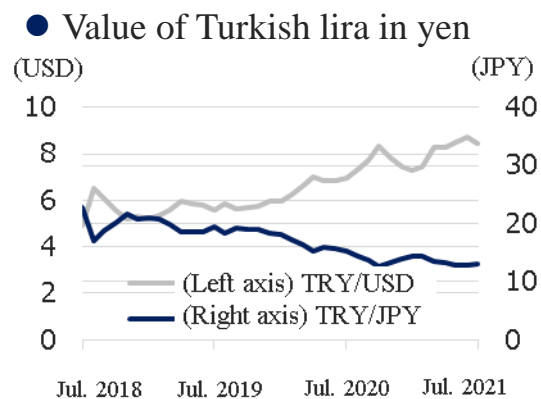
※consolidated until the 3rd quarter

International Beverage Business

Overview of Performance in each country

▶ Turkish Beverage Business

- ✓ We acquired the stock share of our joint venture partner and made the sales company into a wholly-owned subsidiary in March 2021
- ✓ Although lockdown ended in mid-May, a curfew is still in place
- ✓ With growth in home demand and health awareness, sales of water through Home/Office Delivery have increased
- ✓ We received requests from the Turkish government to limit price rises, which has made it difficult to pass cost hikes on to the sale price and has affected profitability



● Local-currency-basis results (year-on-year change in sales)

		1st quarter	2nd quarter	3rd quarter	4th quarter	cumulative
FY2021	vs.2020	(8%)	+30%			+12%
	vs.2019	+10%	+10%			+10%
	exchange rate	13.98yen	13.44yen			13.44yen
FY2020	vs.2019	+19%	(15%)	+2%	(12%)	(3%)
	exchange rate	17.48yen	16.55yen	15.81yen	15.18yen	15.18yen

Figures in lower rows cumulative exchange rate (yen value of 1 Turkish lira).

▶ Chinese beverage business

- ✓ To improve profits, we started local manufacturing of roasted barley tea products in February
- ✓ Since the switch to local production, distribution has continued to go well, particularly to convenience stores
- ✓ To improve on-shelf product appeal, we developed a black tea drink as a region-specific product that is locally produced, and we started sales alongside our barley tea
- ✓ Carving out sales in a niche category of the gargantuan Chinese market has proven a success and sales have grown



We began producing our products in a local Japanese plant

Pharmaceutical-related Business Overview by Segment

- ▶ While the downward trend for orders of existing products continued due to the effects of COVID-19, positive sales of pouch jellies led to increased profit overall

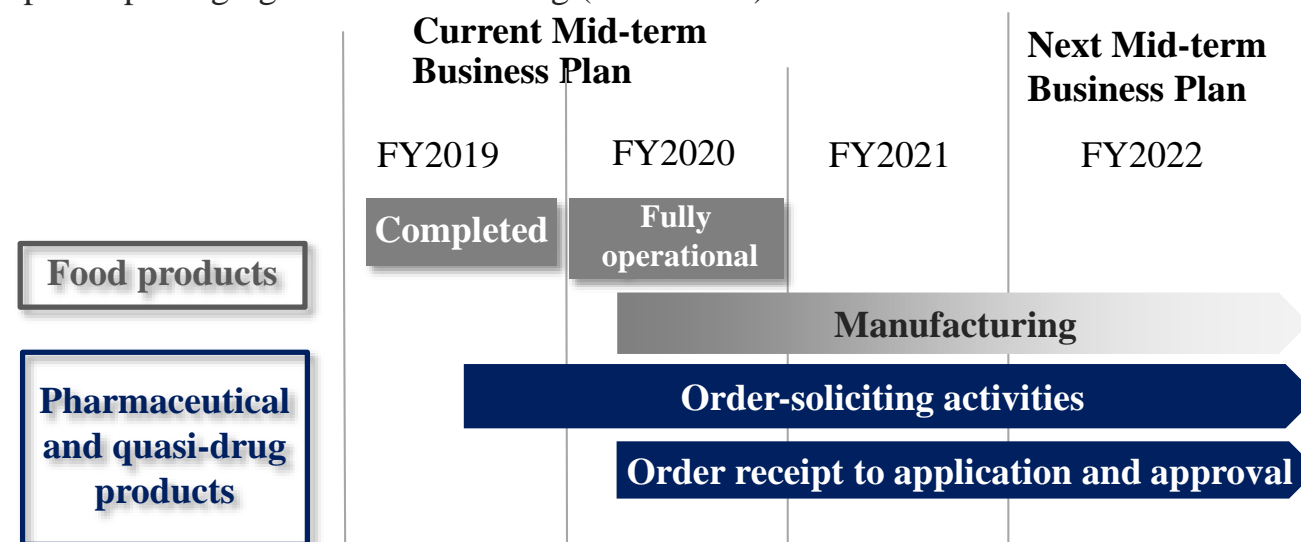
Millions of yen

	2nd quarter					Full year						
	FY2020	Component ratio	FY2021	Component ratio	% (YoY)	Amount (YoY)	FY2020	Component ratio	FY2021 (outlook)	Component ratio	% (YoY)	Amount (YoY)
Net sales	5,409	—	5,682	—	5.0%	272	10,324	—	11,400	—	10.4%	1,075
Operating profit	(63)	(1.2%)	49	0.9%	—	112	(425)	(4.1%)	(450)	(3.9%)	—	(24)
Depreciation expenses	518		593		14.5%	75	1,122		1,200		6.9%	77

(Accounting period under review: January 21 to July 20)

- ✓ As well as the continued slump in office demand, repeated states of emergency mean that the negative impact on orders for existing products aimed at the domestic market is set to continue in the latter half of the year
- ✓ In the second quarter, there was an increase in demand for certain branded drinks where the customer companies ran sales promotions; there was also special demand, such as orders for export products
- ✓ The number of orders for pouch products grew, and we began producing them for non-pharmaceutical products as well; our aim is to continue to increase the orders we receive

- pouch packaging line manufacturing (illustration)



Food Business Overview by Segment

▶ While the dry jelly market contracted as consumer behavior changed in response to COVID-19, our market share continued to grow

Millions of yen

	2nd quarter					Full year						
	FY2020	Component ratio	FY2021	Component ratio	% (YoY)	Amount (YoY)	FY2020	Component ratio	FY2021 (outlook)	Component ratio	% (YoY)	Amount (YoY)
Net sales	11,184	—	11,088	—	(0.9%)	(96)	20,900	—	20,900	—	(0.0%)	(0)
Operating profit	1,033	9.2%	980	8.8%	(5.2%)	(53)	1,298	6.2%	902	4.3%	(30.5%)	(396)
Amortization of goodwill, etc.	176	1.6%	175	1.6%	(0.1%)	(0)	352	1.7%	352	1.7%	0.1%	0
Operating profit after subtracting amortization of goodwill, etc.	857	7.7%	804	7.3%	(6.2%)	(53)	946	4.5%	550	2.6%	(41.9%)	(396)

(Accounting period under review: January 1 to June 30)

- ✓ The volume of sales to convenience stores dropped, and while last year sales to mass retailers went up as people stayed at home, this has now ended and sales decreased; in addition, the market continues to stratify into high and low price brackets
- ✓ The home shopping channel and exports are performing well
- ✓ The pouch market has returned to positive performance as the pandemic has now gone on for over a year
- ✓ In response to consumer behavior changes, convenience stores and mass retailers have changed their shelving allocations. As more space has been allocated to frozen foods and desserts, competition has sprung up with others outside our industry

⇒ This trend is continuing and so we will be strengthening our development of health foods and desserts to respond to changing tastes



We focus on the development of the dessert type products and the products which copes with health consciousness

Seasonal Fluctuations by Segment

▶ Each segment showed strong seasonal fluctuations in normal times (2nd and 3rd quarter)

Millions of yen

		Net sales/net sales by segment					Operating profit (loss)/segment profit (loss)*				
		1Q	2Q	3Q	4Q	total	1Q	2Q	3Q	4Q	total
Consolidated	FY2020	37,413	40,359	44,577	35,875	158,227	741	2,034	3,601	(775)	5,602
		23.6%	25.5%	28.2%	22.7%	100.0%	13.2%	36.3%	64.3%	—	100.0%
	FY2021	36,150	43,772	—	—	—	426	2,317	—	—	—
Domestic Beverage	FY2020	26,662	28,160	32,111	28,601	115,536	870	1,922	3,358	957	7,110
		23.1%	24.4%	27.8%	24.8%	100.0%	12.2%	27.0%	47.2%	13.5%	100.0%
	FY2021	26,923	30,841	—	—	—	707	2,656	—	—	—
International Beverage	FY2020	3,551	3,218	3,618	1,803	12,191	110	(61)	140	(198)	(9)
		29.1%	26.4%	29.7%	14.8%	100.0%	—	—	—	—	100.0%
	FY2021	2,366	3,344	—	—	—	7	(287)	—	—	—
Pharmaceutical -Related		2,900	2,509	2,763	2,151	10,324	(8)	(55)	(139)	(222)	(425)
	FY2021	28.1%	24.3%	26.8%	20.8%	100.0%	—	—	—	—	100.0%
	FY2020	2,693	2,988	—	—	—	17	31	—	—	—
Food	FY2021	4,497	6,687	6,249	3,465	20,900	287	746	695	(431)	1,298
	FY2020	21.5%	32.0%	29.9%	16.6%	100.0%	22.1%	57.5%	53.6%	—	100.0%
		4,293	6,795	—	—	—	231	749	—	—	—
Other	FY2020	—	—	—	—	—	(39)	(35)	(38)	(202)	(317)
		—	—	—	—	—	—	—	—	—	100.0%
	FY2021	—	—	—	—	—	(44)	(354)	—	—	—

*Figures for the International Beverage Business and Food Business indicate segment profit before goodwill and other amortization.

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4. Efforts toward Creating Sustainable Corporate Value

How the DyDo Group's Businesses Have Changed

- ▶ Since we were first founded, we have been guided by our philosophy as we adapt to changes in the times, flexibly adjusting our businesses and expanding the business domains in which we operate

Group Philosophy

Creating happiness and prosperity, together with people and with society.
To achieve this goal, the DyDo Group will continue to embrace new challenges in a dynamic way.

Staying close to our customers

×

Taking on challenges in specific fields
where we can show our strengths

DAIDO Yakuhin

(Pharmaceutical-related Business)



To specialize in the contract manufacturing of drinkable preparations and the top manufacturer

From 1956

DyDo DRINCO

(Domestic Beverage Business)



To improve our vending machine business and achieve a stable position in the market

From 1975

Tarami

(Food Business)



To specialize in fruit jellies, and maintain the top market share for dry jellies

From 1988(entered the group in 2012)

Home shopping supplements

(A Domestic Beverage Business segment)



Grow annual sales of "Locomo Pro" to 3 billion yen

From 2013

Significance of Our Entry into the Orphan Drug Business

▶ Entering the orphan drug business as a way of developing a second major source of revenue in non-beverage businesses

What our efforts mean

- ✓ We can solve societal issues through our businesses
- ✓ We can enter a business domain with high growth potential

● What Are Orphan Drugs?

Orphan drugs are pharmaceuticals that meet the following criteria, as designated by the Minister of Health, Labour and Welfare, based on Article 77, Paragraph 2, of the Law on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices

Target patient population	<ul style="list-style-type: none">• Less than 50,000 in Japan• Alternatively, a disease may be designated as a difficult-to-treat disease by regulatory authorities
Need for treatment	<ul style="list-style-type: none">• No appropriate alternative pharmaceuticals or treatment methods• Alternatively, the pharmaceutical must offer potential in the form of significantly superior efficacy or safety compared to existing pharmaceuticals
Development viability	<ul style="list-style-type: none">• There must be evidence supporting use of the pharmaceutical in question to treat the target disease, and the manufacturer's development plan must be reasonable

How DyDo Pharma Hopes to Expand

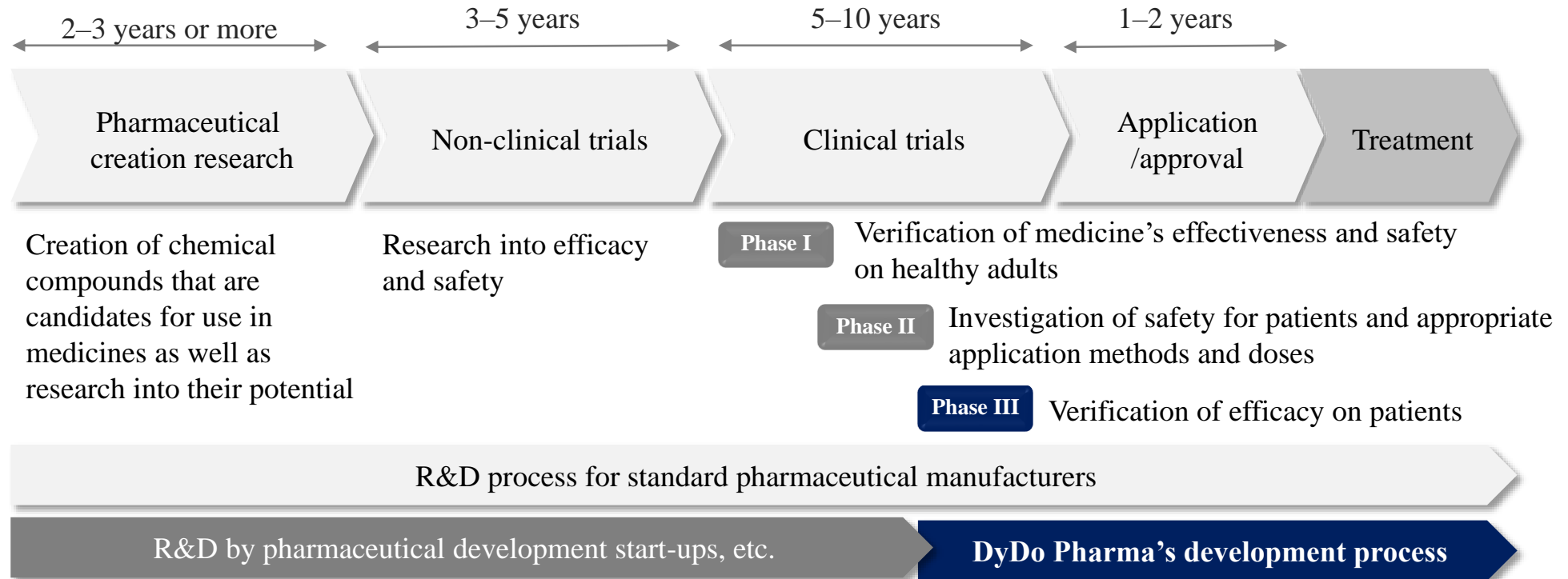
- ✓ First, achieve real results targeting “ultra-orphan” diseases for which there are even fewer patients
- ✓ Widen the field to include diseases for which there are more patients, and establish a business model
- ✓ Introduce and develop new pharmaceuticals that are already part way through the development process and are working toward approval either in Japan or overseas

Aim to develop our business by positioning ourselves in less competitive areas of Japanese pharmaceuticals market

DyDo Pharma's Desired Business Model (1)

▶ Business development focused on processes in Phase III and beyond

● Pharmaceutical creation process



● Contracts

January 2021 Licensing agreement for a LCAT (lecithin cholesterol acyltransferase) treatment

June 2021 Japanese licensing agreement for a treatment expected to prove effective for Lambert-Eaton myasthenic syndrome

DyDo Pharma's Desired Business Model (2)

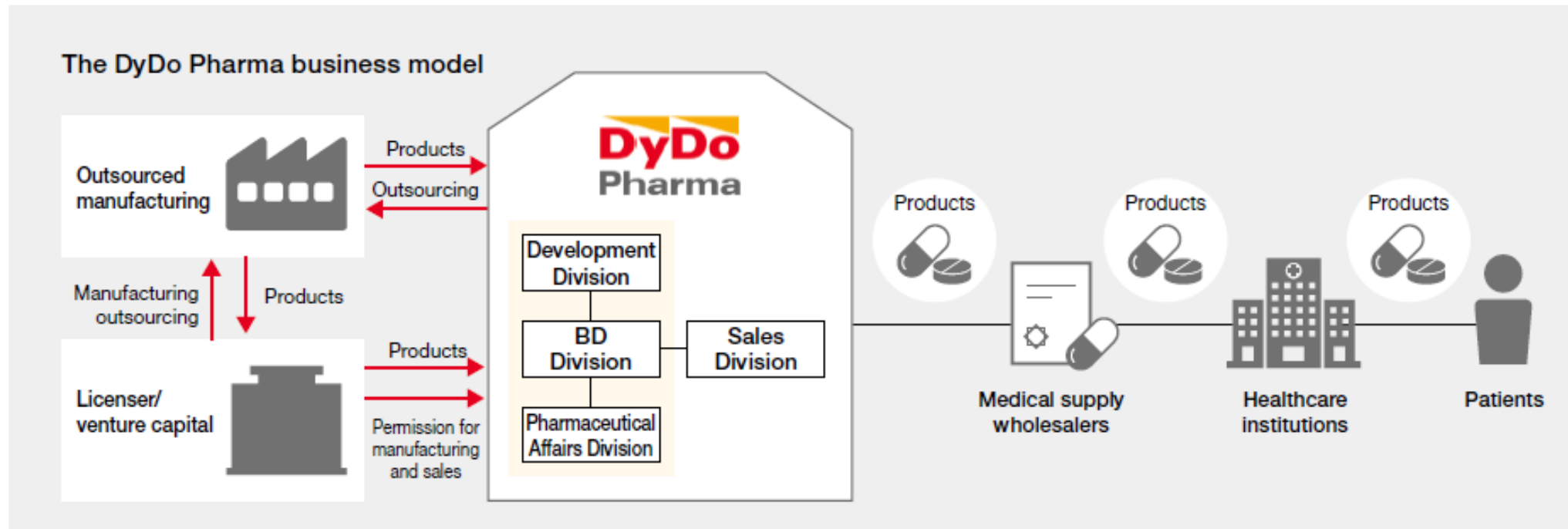


▶ Virtual pharma business model free of fixed costs

- ✓ Recruit specialist personnel with track records within the medical industry who will be responsible for the bulk of business management
- ✓ Use external bodies—the CRO*1 for clinical development tasks and CMO*2 for pharmaceutical manufacturing

*1 Contract Research Organization *2 Contract Manufacturing Organization

● Business Model



Corporate Culture that Allows Us to Acquire and Utilize Specialist Personnel (Characteristic Common to Home Shopping Supplements and DyDo Pharma No. 1)

▶ We are actively seeking the specialist personnel we need to expand our new businesses from outside the company, and fostering a culture where those specialist personnel can play an active role

Recruitment criteria

Recruiting people who agree with the Group Philosophy and Vision



Specialist personnel

- ✓ People who want to deliver good health
- ✓ People who want to help bring about a richer, more dynamic society

After recruitment

Receptive attitude

Corporate culture that welcomes outside personnel



Specialist personnel

- ✓ Able to assign important work to small number of highly specialized staff
- ✓ No distinction from general personnel, aim for integration

Securing and utilizing specialist personnel



● Number of employees



Home shopping supplements



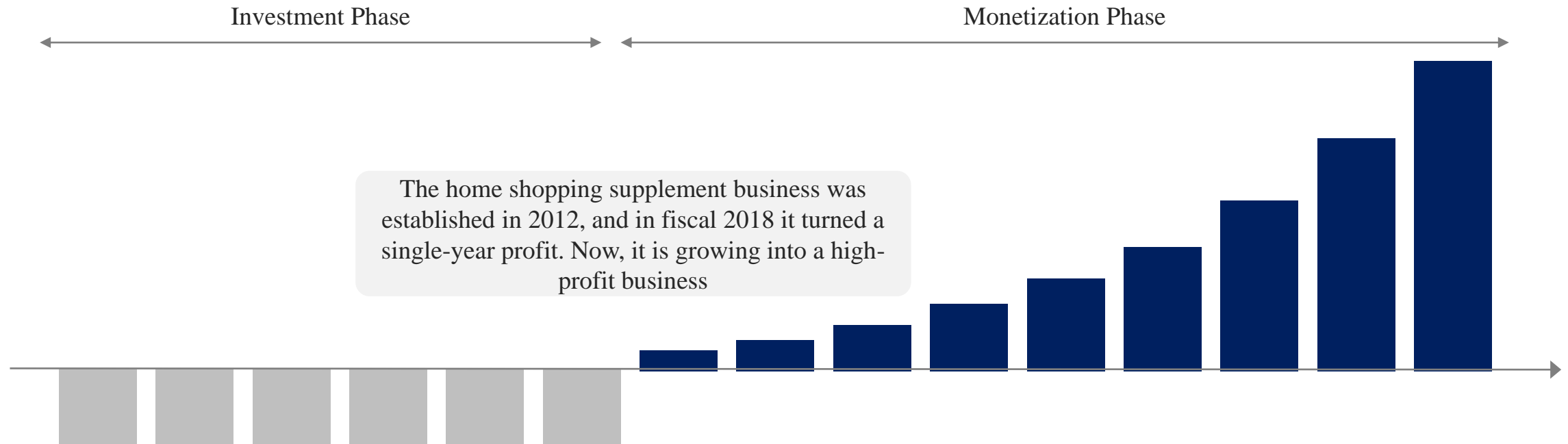
DyDo Pharma

Business Cultivation from a Long-term Perspective

(Characteristic Common to Home Shopping Supplements and DyDo Pharma No. 2)

- ▶ By promoting outsourcing-focused management, we can cultivate new businesses
 - ✓ Certain period of time required for investment to reach monetization
 - ✓ Investment targets are intangible assets, primarily personnel
 - ✓ Through outsourcing-focused management, we can achieve a high ROIC in the monetization phase

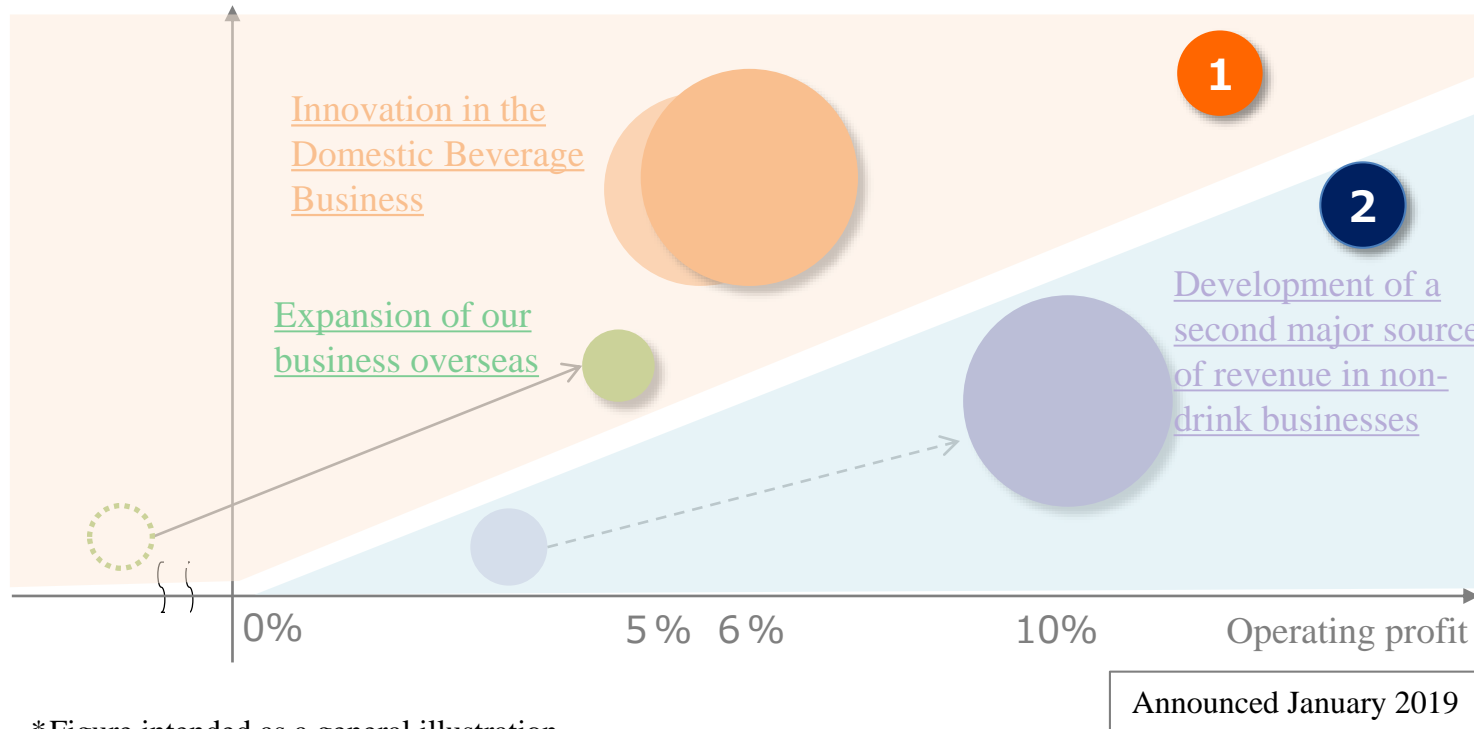
● Profit Generation



The home shopping supplement business was established in 2012, and in fiscal 2018 it turned a single-year profit. Now, it is growing into a high-profit business

Creating a Sustainable Business Portfolio

- ▶ Main points regarding the creation of a sustainable business portfolio aimed at groupwide sustainable growth



*Figure intended as a general illustration.

The size of each circle represents operating income, with FY2018 and FY2030 indicated by light and dark colors, respectively.

" Multifaceted management" to grow our business sustainably



Strengthening the Corporate Governance Structure

- ▶ We newly appointed an outside director from pharmaceutical industry at the 46th Annual Shareholders' Meeting (dated April 16, 2021)
- ✓ We decided to appoint the person to strengthen the oversight function because DyDo Pharma concluded the first licensing agreement in January 2021



Michiaki Kurihara
Outside Director
DyDo Group Holdings, Inc.

● Profile

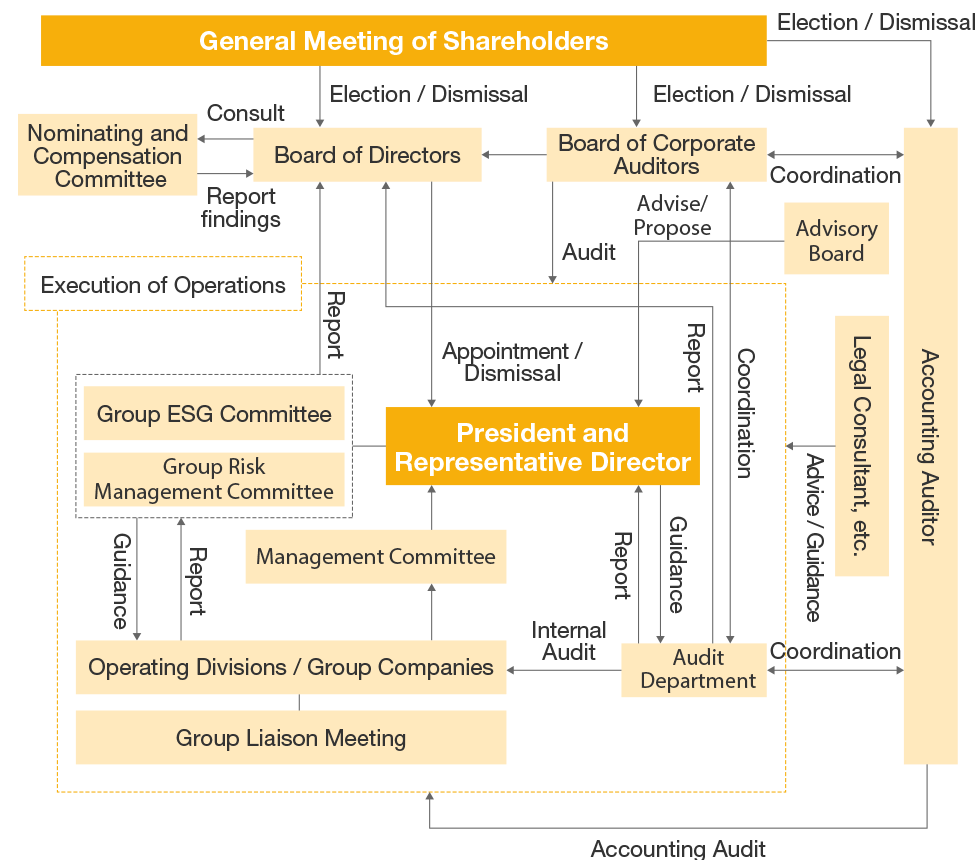
Joined Fujisawa Pharmaceutical Co., Ltd., (currently Astellas Pharma Inc.) in 1982, and worked as a Deputy Division Director of Sales Division, and a General Manager, Asia Business Planning, Corporate Strategy Division.

Joined Santen Pharmaceutical Co., Ltd. in 2009 and worked as a Director and Vice President, Santen Pharmaceutical Korea Co., Ltd.

Joined IMS Japan Co, Ltd., (currently IQVIA Solutions Japan K.K.) in 2013

Appointed a General Manager of Planning External Affairs Department (current position)

- ▶ We established a Nominating and Compensation Committee, chaired by an independent outside director, on August 30, 2021, to further strengthen our corporate governance structure as we work toward our next mid-term business plan



Increasing Corporate Value by Contributing to the Sustainability of Society

- ▶ The DyDo Group is striving to realize a sustainable society that allows offers people around the world enjoyable, healthy lifestyles as its vision for 2030
- ▶ To realize this vision, we will continue to embrace the challenge of accommodating environmental changes through mutually beneficial relationships with stakeholders in line with our Group Philosophy

