



FY2021 (Year Ended January 20, 2022) Financial Highlights

DyDo Group Holdings, Inc.

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

March 4, 2022

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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.

From fiscal 2022, we will apply the Accounting Standard for Revenue Recognition as detailed in the Accounting Standards Board of Japan's Statement No. 29 and other regulations.

As a result, performance forecasts and other contents included in this report are in accordance with the following financial data notes.

Financial data notes

- Performance for fiscal 2021 follows the conventional standards, while performance forecasts for fiscal 2022 reflects the application of the new standards.
- The degree of increase or decrease on items particularly affected by the application of the new standards is not listed.
- Where necessary, reference figures that use the conventional standards for fiscal 2022 performance forecasts have been provided.

Main impacts on performance figures of applying the new standards

Conventional standards

Net sales
Gross profit
Selling, general and administrative expenses
Sales commission
Distribution rebate
Operating profit
Ordinary profit
Profit attributable to owners of parent

New standards

Net sales (minus Distribution rebate)
Gross profit
Selling, general and administrative expenses
Sales commission
Operating profit
Ordinary profit
Profit attributable to owners of parent

Deducted from sales



01 Path to Achieving Group Mission 2030

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

こころとからだに、
おいしいものを。



Offering delicious products
for sound mind and body

Formulated in January 2019 as an ideal of where, and what, we want to be in 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.

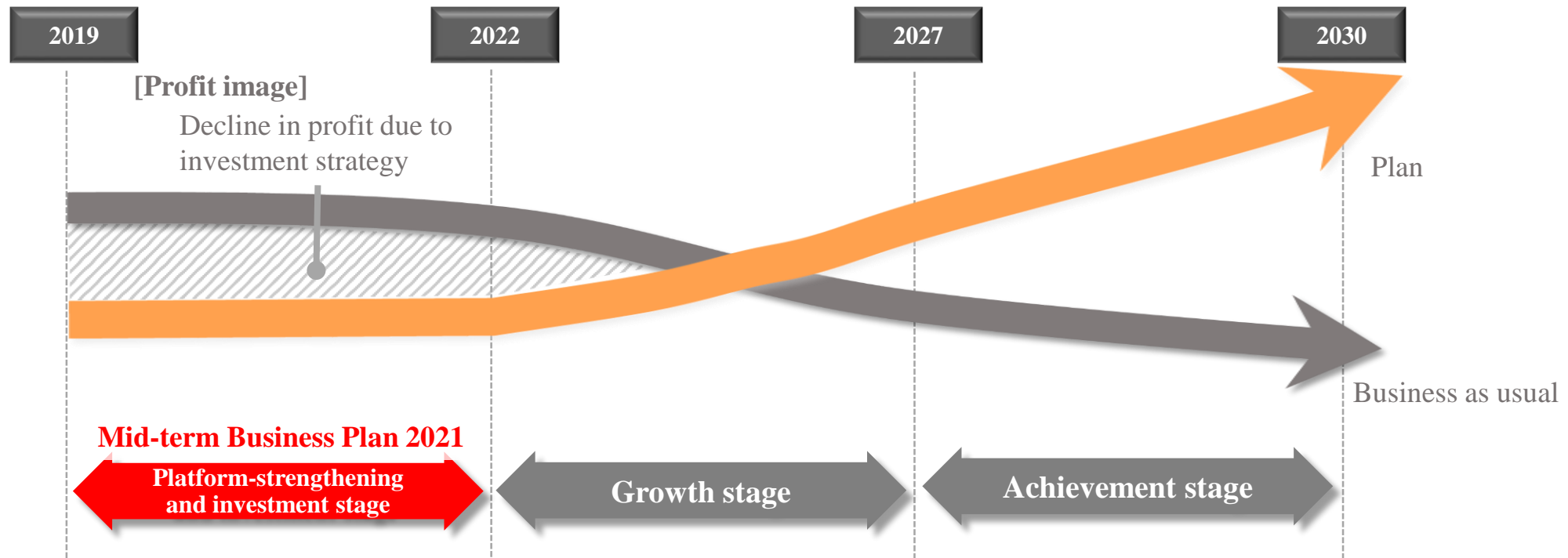
Together with our people.



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.

To ensure we achieve the goals of Group Mission 2030, we have divided the period up to 2030 into three stages
 As part of the first stage, Mid-term Business Plan 2021, we are pushing improved profitability for existing businesses and developing our investment strategy for both new and existing businesses



- Basic Policies

- Focusing on improving profits and implementing robust management for existing businesses

- Making judgments about business continuity to facilitate strategic management in International Beverage Business

- Implementing a growth strategy to achieve Group Mission 2030

Mid-term Business Plan 2021: Achievements and Next Steps



We have steadily implemented our strategy during the platform-strengthening and investment stage and are working out how to promote a growth strategy that can respond to changes in the business environment is our next step

	Major achievements of the 2021 plan	Next steps for the 2026 plan
Innovation in the Domestic Beverage Business	<ul style="list-style-type: none"> With a sales system that is qualitatively and quantitatively better, we have opened up new sites and minimized removals and since our lowest point in 2019, the number of vending machines has steadily grown We decided to make all machines used in direct sales Internet-connected and between investment and task reforms, we are planning to complete our construction of a smart operations*¹ structure in 2022 	<ul style="list-style-type: none"> We need to continue to increase the number of vending machines and improve sales per machine, leading to a trend of increased revenues We need to continuously evolve employee tasks and expand smart operations to the Kyoeikai*² We need to respond to dramatic rises in raw material costs
Expansion of Our Business Overseas	Turkey <ul style="list-style-type: none"> We increased sales in the Turkish business, particularly for “Saka” mineral water We made our Turkish subsidiary a wholly owned subsidiary and had them establish their own sales and distribution networks To expand exports, the Turkish business established a directly controlled subsidiary in the UK, and our Russian subsidiary’s operations were brought under the Turkish subsidiary’s operational control 	<ul style="list-style-type: none"> We need to improve profitability by responding to rising expenses for raw materials and logistics We need to expand our export business to take advantage of the weakening of the lira We need to strengthen our resilience against foreign exchange rate fluctuations by increasing the role of exports in our business
	Other <ul style="list-style-type: none"> We started local production at our Chinese subsidiary, which had previously only sold imports of products made in Japan, and we predict it will become profitable We withdrew from the Malaysian market 	<ul style="list-style-type: none"> We need to roll out health and sugar-free drinks globally We reconstructed our international business strategy by learning from our past experiences
Development of a Second Major Source of Revenue in Non-Beverage Businesses	<ul style="list-style-type: none"> We achieved high growth and high profits for home shopping sales of supplements (Domestic Beverage Business) We began operations of a new pouch packaging line at DAIDO <i>Yakuhin</i> (Pharmaceutical-related Business) and completed construction of Kanto Plant as a base in eastern Japan We started the orphan drug business and by recruiting specialist personnel we have set up an organizational framework and successfully signed two license agreements 	<ul style="list-style-type: none"> We need to contribute to overall Group profits by expanding home shopping supplements sales We need to improve utilization rates at DAIDO <i>Yakuhin</i>’s Kanto Plant (and respond to ways in which the market has changed by the pandemic) We need to cultivate the orphan drug business by taking a long-term perspective

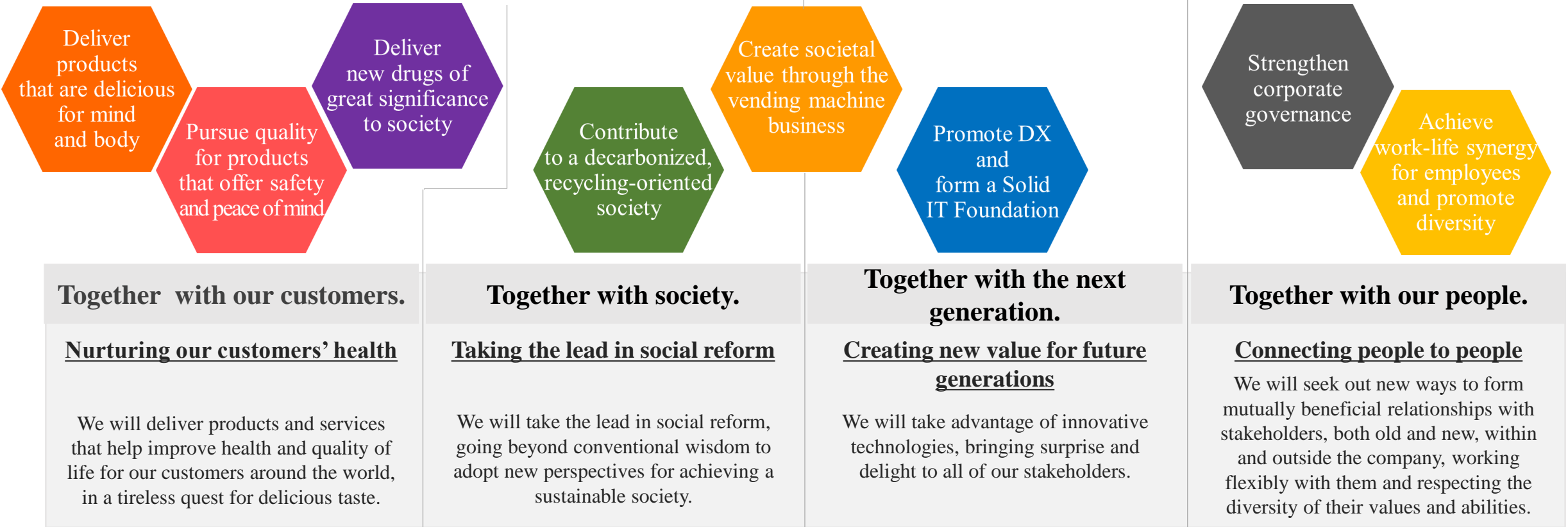
*1 A term we coined to describe the new, high-productivity work flow we created after undertaking a radical review of our conventional operations

*2 Vending machine operators in whom we have no capital investment and who are responsible for some DyDo vending machine operations, particularly in more rural areas

In response to changes in awareness among society and people that have resulted from the pandemic, we are changing to more flexible ways of working and accelerating efforts to promote sustainable management

	Major achievements of the 2021 plan	Next steps for the 2026 plan
Investment in people	<ul style="list-style-type: none"> • We transitioned to new, flexible workstyles and promoted health and productivity management • We introduced a second job system for employees and a system for accepting second job workers • We recruited a diverse range of mid-career specialists 	<ul style="list-style-type: none"> • We need to further enhance employee engagement • We need to cultivate future managers • We need to promote diversity
Promotion of ESG management	<ul style="list-style-type: none"> • We announced the DyDo Group SDGs Declaration • We established the Group ESG Committee • We launched our Everyone Love the Earth Project 	<ul style="list-style-type: none"> • We need to simultaneously promote societal and corporate sustainability • We need to achieve sustainable growth and improved corporate value over the medium to long term by promoting sustainability management

We chose these eight material issues to help us get to where, and what, we want to be in 2030



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

Designating Material Issues to Get to Where, and What, We Want to Be in 2030



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.

Strengths and values we have held since our founding

Closeness to customers and considering their perspectives

Delivering products customers want in the closest and most convenient locations

Business growth through partnerships

Eight material issues aimed at sustainable growth



Where, and what, we want to be in 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.

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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.

Our spirit is applicable to the SDGs principle of "leaving no one behind."

SUSTAINABLE DEVELOPMENT GOALS



We will raise social value, environmental value, and economic value to achieve sustainable growth

Social value

We will contribute to the achievement of a sustainable society where people around the world can have enjoyable, healthy lifestyles

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

Environmental value

We will aim to make our vending machine business carbon neutral by 2050 (for both direct emissions and through generating the electricity the machines use*¹)

We will aim to make emissions (Scope 1 and 2) by the Domestic Beverage Business*²

carbon neutral by 2030

We will aim to cut CO₂ emissions (Scope 1 and 2) for major Japanese group subsidiaries*³ by half*⁴ compared to 2020 levels by 2030

Economic value

We will aim to improve our corporate value in the medium to long term

Consolidated ROIC in FY2029

8% or higher

*Invested capital is the amount put into in the business segments

*1 CO₂ emissions produced by vending machines operated by DyDo Beverage Service (Scope 3)

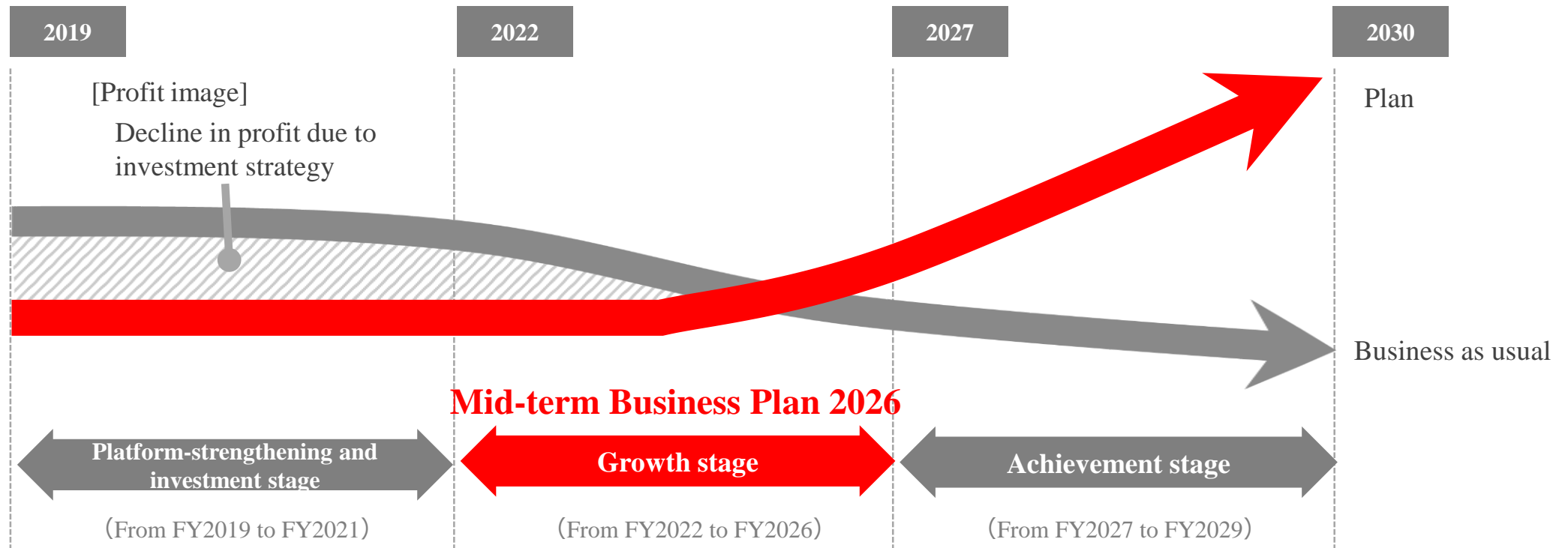
*2 DyDo DRINCO, DyDo Beverage Service, and DyDo Business Service

*3 DyDo DRINCO, DyDo Beverage Service, and DyDo Business Service, DAIDOYakuhin, TARAMI corporation

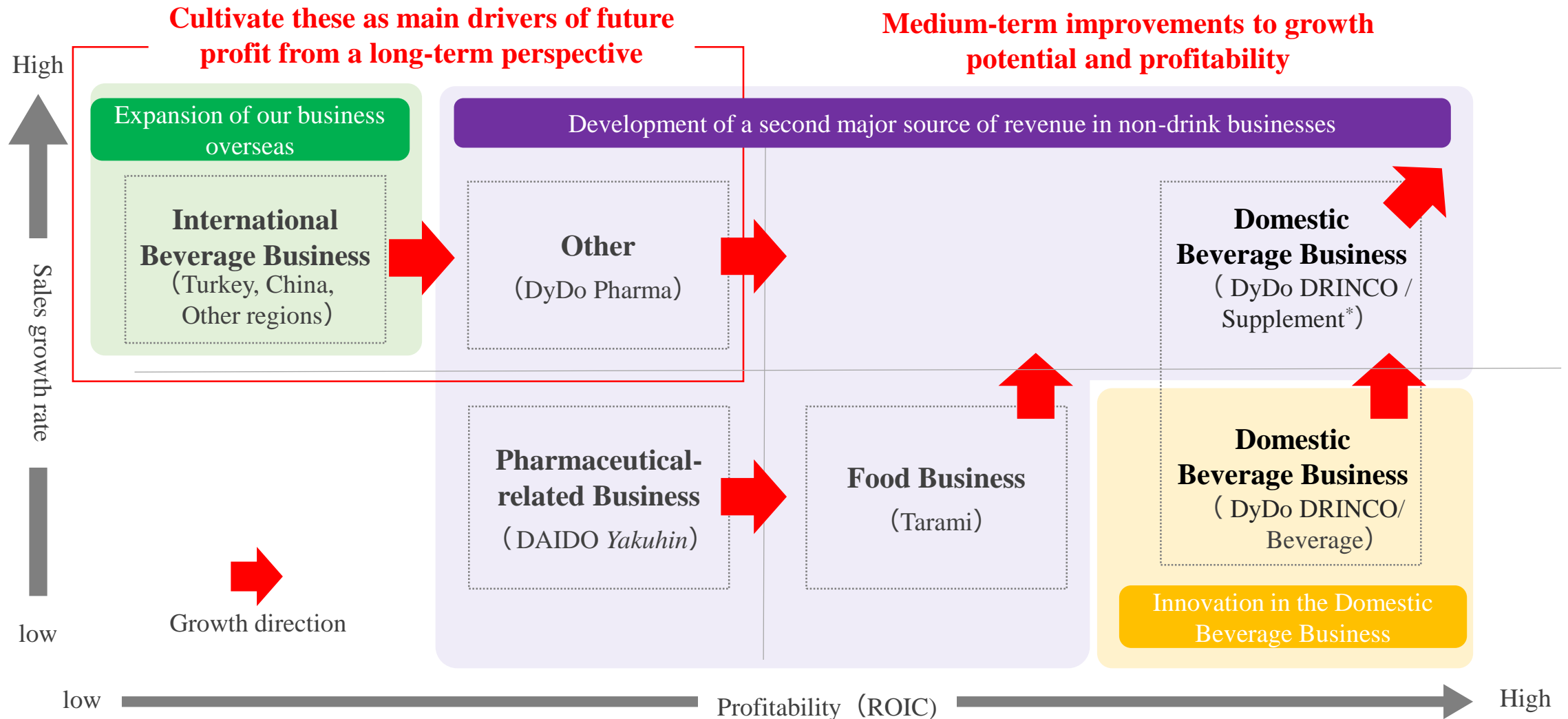
*4 Calculated by dividing the total emissions for relevant group companies by total sales

Promoting three basic policies as we move toward the Achievement Stage

- Renewing growth in the Domestic Beverage Business
- Reformulating our international business strategies
- Strengthening and developing non-beverage segments



We are promoting a business portfolio strategy that will help us to get to where, and what, we want to be in 2030



* As home shopping sales of supplements are currently being developed by DyDo DRINCO, they belong to the Domestic Beverage Business segment for accounting purposes.

Business Portfolio: Basic Policy and Material Issues

To strengthen the earning capacity of each business, we have switched the key performance indicator (KPI) from operating margin to return on invested capital (ROIC)

ROIC*1 performance and targets	Consolidated	Domestic Beverage Business*2	International Beverage Business	Non-beverage segments
Platform-strengthening and investment stage (From FY2019 to FY2021)	4.4%	16.3%	(6.7%)	2.7%
Growth stage (From FY2022 to FY2026)	6%	13%	3%	8%
Achievement stage (From FY2027 to FY2029)	8% or higher	17%	5%	17%

Initiatives to raise ROIC		Domestic Beverage Business	International Beverage Business	Non-beverage segments
Growth stage (From FY2022 to FY2026)	Initiatives to Improve profitability	<ul style="list-style-type: none"> Growth of the vending machine channel Continuous evolution of smart operations 	<ul style="list-style-type: none"> Stable growth of the Turkish business Response to dramatic price rises for raw materials and expansion of the export business 	<ul style="list-style-type: none"> Profitable growth of home shopping sales of supplements Improvement in profitability for DAIDO Yakuin Continuous improvements to Tarami's manufacturing costs
	Initiatives to improve asset turnover	<ul style="list-style-type: none"> Improvement of per vending machine sales Service life extension of vending machines 	<ul style="list-style-type: none"> Improvements to plant utilization rates 	<ul style="list-style-type: none"> Continuous growth in home shopping supplements sales Improvements to plant utilization rates
Achievement stage (From FY2027 to FY2029)	Initiatives for future achievements	<ul style="list-style-type: none"> Ensuring of a competitive advantage in the vending machine market 	<ul style="list-style-type: none"> Construction of health-related portfolios with consideration of M&As 	<ul style="list-style-type: none"> Business development of DyDo Pharma into steady profitability

*1. Invested capital ; Consolidated : Total invested capital in each segment ; Segment : Current assets – current liabilities + non-current assets

We aim to recover our ability to generate cash flows in the vending machine business and invest in, and develop, the healthcare sector

Sales growth rate(CAGR)

*Currency Neutral

+3%

Consolidated operating profit ratio

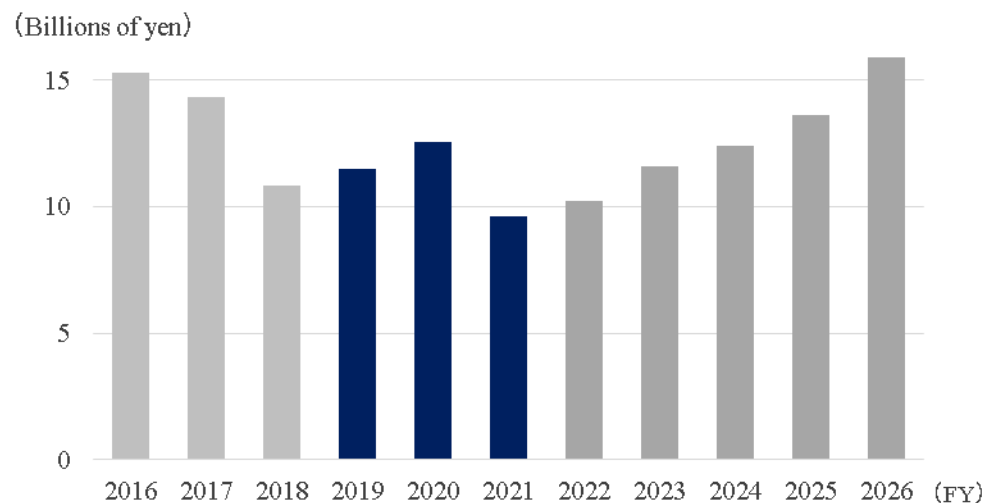
4%

Consolidated ROIC

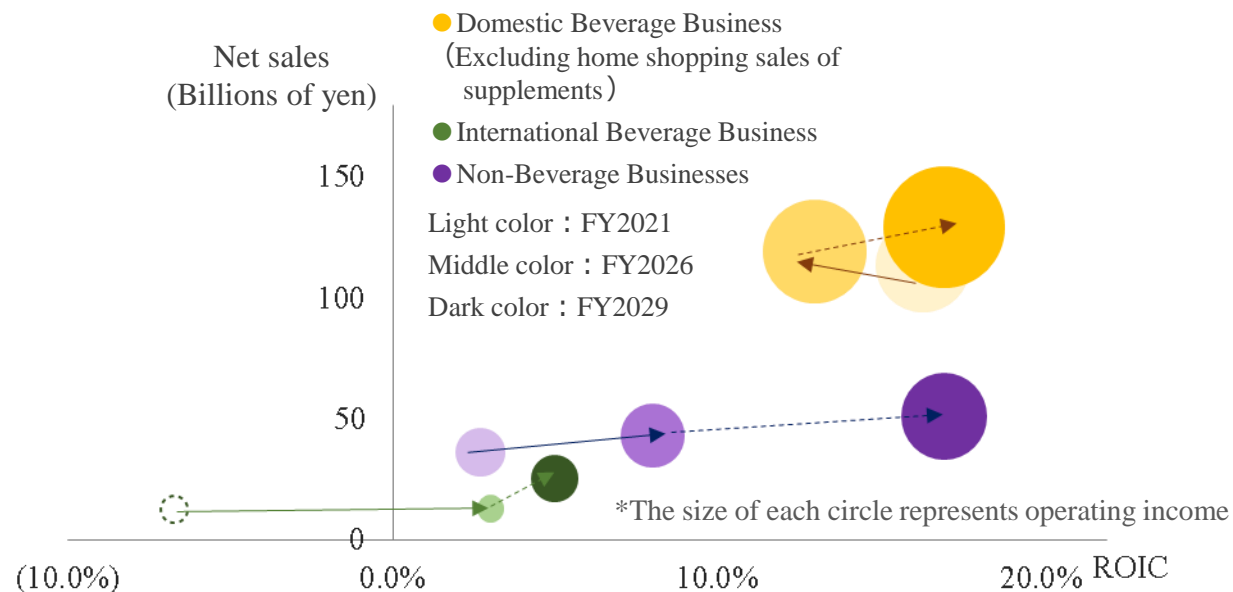
* Invested capital is the amount put into in the business segments

6%

Trends in cash flows from operating activities



Growth image





02 FY2021 Financial Highlights and FY2022 Full-year Performance Outlook

Overview of Consolidated Financial Results for FY2021



Consolidated sales totaled 162,602 million yen (up 2.8% from the previous year)

Due to advance investment expenses, rising costs in the International Beverage Business, and other factors, operating profits were down 18.2% compared to the previous year

Due to improvements in foreign exchange gains and in extraordinary incomes and losses, profit attributable to owners of parent was up by 24.0% from the previous year

Millions of yen

	FY2020		FY2021			
		Component ratio		Component ratio	% (YoY)	Amount (YoY)
Net sales	158,227	100.0%	162,602	100.0%	2.8%	4,375
Operating profit	5,602	3.5%	4,581	2.8%	(18.2%)	(1,021)
Ordinary profit	5,727	3.6%	5,651	3.5%	(1.3%)	(76)
Profit attributable to owners of parent	3,204	2.0%	3,974	2.4%	24.0%	769
EPS	201.31yen		254.20yen		52.89yen	
Dividend per share	60yen		60yen			

FY2021 Performance by Segment



Even with the effects of COVID-19, all segments increased revenue

The Domestic Beverage Business saw improved revenue with an increase in the number of vending machines, while the International Beverage Business saw greatly improved revenue on a local currency basis in the Turkish beverage business

Millions of yen

	FY2020	FY2021			
			% (YoY)	Amount (YoY)	
Net sales	Domestic Beverage Business	115,536	118,080	2.2%	2,543
	International Beverage Business	12,191	12,777	4.8%	585
	Pharmaceutical-Related Business	10,324	11,133	7.8%	808
	Food Business	20,900	21,165	1.3%	265
	Other	—	—	—	—
	Adjustment	(725)	(553)	—	172
	Total net sales	158,227	162,602	2.8%	4,375
Operating profit	Domestic Beverage Business	7,110	6,267	(11.9%)	(843)
	International Beverage Business	(175)	(528)	—	(353)
	Pharmaceutical-Related Business	(425)	(19)	—	406
	Food Business	946	959	1.4%	13
	Other	(317)	(573)	—	(256)
	Adjustment	(1,536)	(1,524)	—	11
	Total net sales	5,602	4,581	(18.2%)	(1,021)

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

In 4Q, sales in the International Beverage Business, Pharmaceutical-related Business, and Food Business all saw extensive growth

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
	FY2021	36,150	43,772	44,736	37,944	162,602	426	2,317	2,513	△ 675	4,581
		(3.4%)	8.5%	0.4%	5.8%	2.8%	(42.5%)	13.9%	(30.2%)	-	(18.2%)
Domestic Beverage	FY2020	26,662	28,160	32,111	28,601	115,536	870	1,922	3,358	957	7,110
	FY2021	26,923	30,841	31,752	28,563	118,080	707	2,656	2,512	390	6,267
		1.0%	9.5%	(1.1%)	(0.1%)	2.2%	(18.8%)	38.2%	(25.2%)	(59.2%)	(11.9%)
International Beverage	FY2020	3,551	3,218	3,618	1,803	12,191	110	(61)	140	(198)	(9)
	FY2021	2,366	3,344	4,011	3,054	12,777	7	(287)	3	(117)	(393)
		(33.4%)	3.9%	10.9%	69.4%	4.8%	(92.8%)	-	(97.3%)	-	-
Pharmaceutical -Related	FY2020	2,900	2,509	2,763	2,151	10,324	(8)	(55)	(139)	(222)	(425)
	FY2021	2,693	2,988	2,849	2,601	11,131	17	31	21	(90)	(19)
		(7.1%)	19.1%	3.1%	20.9%	7.8%	-	-	-	-	-
Food	FY2020	4,497	6,687	6,249	3,465	20,900	287	746	695	(431)	1,298
	FY2021	4,293	6,795	6,261	3,814	21,165	231	749	585	(254)	1,311
		(4.5%)	1.6%	0.2%	10.1%	1.3%	(19.5%)	0.3%	(15.9%)	-	1.0%
Other	FY2020	-	-	-	-	-	(39)	(35)	(38)	(202)	(317)
	FY2021	-	-	-	-	-	(44)	(354)	(63)	(109)	(573)
		-	-	-	-	-	-	-	-	-	-

*The percentage shown below the FY2021 figures denotes the amount of increase/decrease over the same period in the previous year

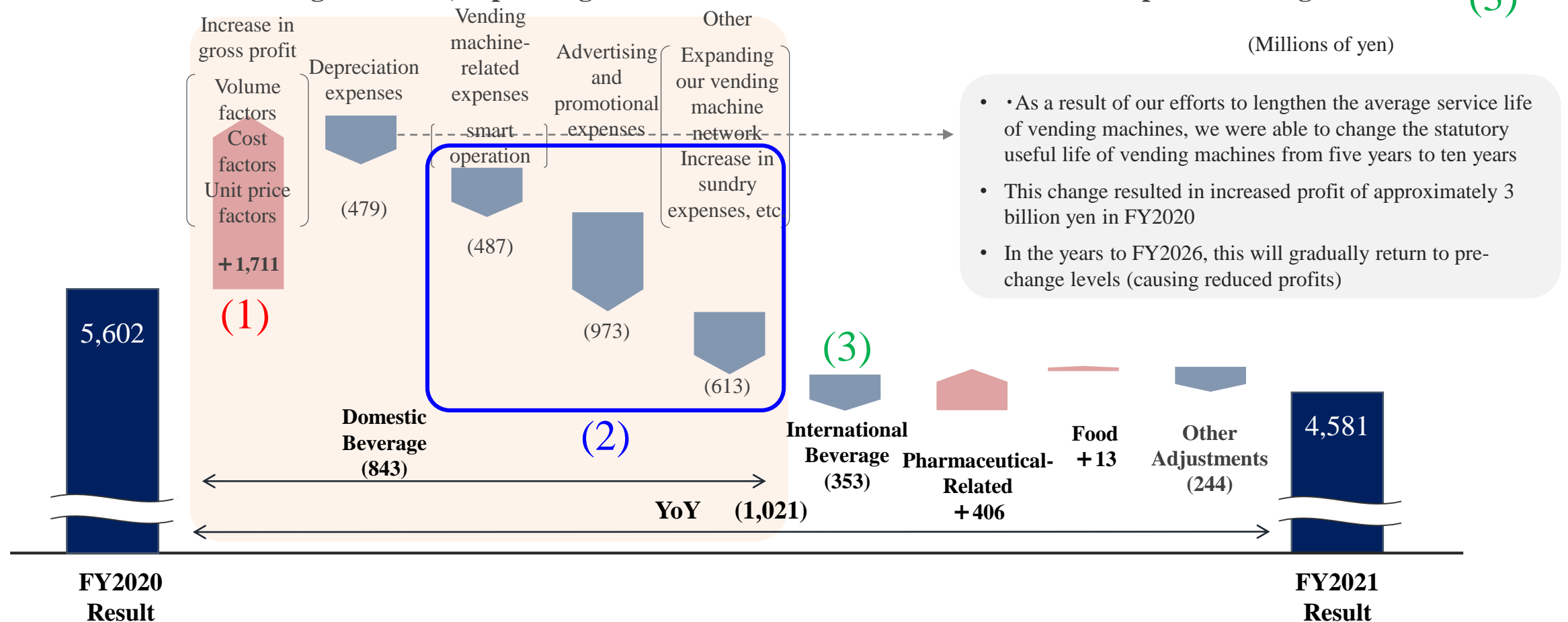
*Figures for the International Beverage Business and Food Business are segment profits before goodwill amortization

Factors Contributing to Changes in Operating Profit in FY2021

In the Domestic Beverage Business, increased revenue in the vending machine and home shopping sales of supplements channels led to improved gross profit (1)

Expenses associated with expanding the vending machine network, deploying smart operations, and acquiring customers for home shopping sales of supplements grew (2)

In the International Beverage Business, expenses grew due to the dramatic rise in raw material prices and logistics costs (3)

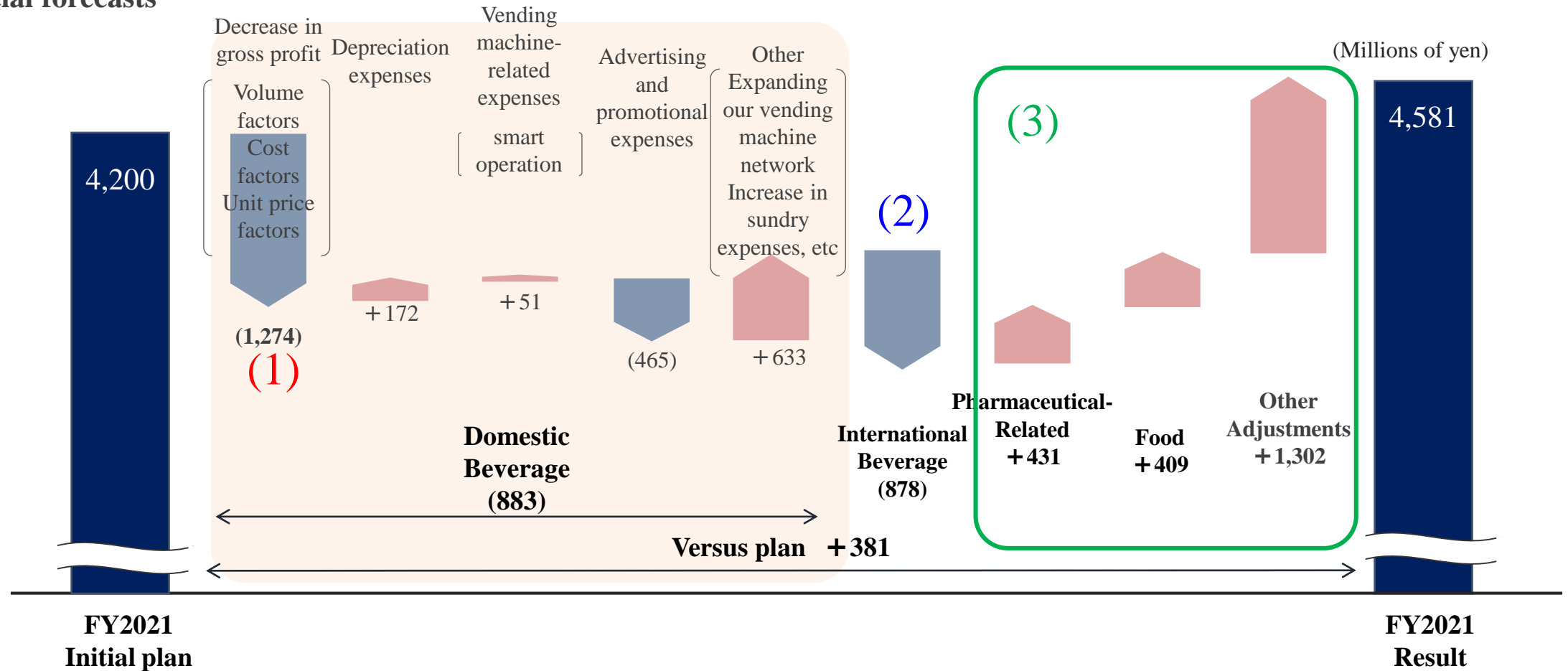


FY2021 Factors Contributing to Changes in Operating Profit (versus Initial plan)

With the pandemic and unseasonable weather during the summer peak season, gross profit was less than initial forecasts (1)

The International Beverage Business recorded one-off expenses associated with exporting to the UK, in addition to dramatic rises in raw material prices and logistics costs (2)

In the Pharmaceutical-related Business, Food Business, and shared Group expenses, cost controls meant we did better than initial forecasts (3)



Financial Position: Principal Changes in the Consolidated Balance Sheet

In 4Q, the International Beverage Business (Turkish business) and Pharmaceutical-related Business saw sales grow, and accounts receivable and inventories also increased (1)

Due to an increase in the undepreciated balance for our vending machines, property, plant and equipment grew (2)

		(Millions of yen)				(Millions of yen)	
				Change from previous year shown underneath each figure			
Financial assets ^{*1}	70,415	Interest-bearing debt ^{*2}	36,949	Financial assets ^{*1}	67,120 (3,294)	Interest-bearing debt ^{*2}	35,482 (1,467)
		Trade payable	16,174			Trade payable	17,148 974
		Other	21,860			Other	23,091 1,231
Trade receivable	16,010	Net assets	82,609	Trade receivable	17,691 1,680	Net assets	83,261 652
Inventories	8,103			Inventories	8,763 660		
Property, plant and equipment Intangible assets	51,093			Property, plant and equipment Intangible assets	52,367 1,274		
Other	11,970			Other	13,040 1,069		
Total assets	157,594	Total liabilities and net assets	157,594	Total assets	158,984 1,390	Total liabilities and net assets	158,984 1,390
January 20, 2021				January 20, 2022			

*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

FY2021 Principal Changes in Free Cash Flow

In 4Q, the International Beverage Business (Turkish business) and Pharmaceutical-related Business saw sales grow, and working capital at the end of the period increased

In the Domestic Beverage Business, in tandem with the increase in the number of vending machines, new machine investment rose

Principal Changes in Free Cash Flow

	Millions of yen		
	FY2020	FY2021	Amount (YoY)
EBITDA (Operating profit + depreciation + amortization of goodwill)	12,357	11,858	(499)
Amount of change in working capital cash flow	(312)	(2,008)	(1,695)
Other	495	(1,790)	(2,286)
Cash flows from operating activities (a)	12,540	8,059	(4,481)
Purchase of property, plant and equipment and intangible assets (b)	(8,130)	(9,398)	(1,268)
Free cash flow (a-b)	4,410	(1,339)	(5,749)

Capital investment

	Millions of yen		
	FY2020	FY2021	Amount (YoY)
Domestic Beverage	5,949	7,219	1,269
International Beverage	1,009	995	(13)
Pharmaceutical-related	439	223	(216)
Food	864	755	(109)
Companywide (including others)	257	870	612
Total	8,520	10,064	1,543

Depreciation costs

	Millions of yen		
	FY2020	FY2021	Amount (YoY)
	3,548	4,028	479
	517	496	(21)
	1,122	1,190	67
	810	815	4
	383	388	4
Total	6,383	6,918	535

The Domestic Beverage Business boasts impressive capital efficiency thanks to its fables management and cash-based business model

We aim to enhance ROIC even further by improving per machine sales

	ROIC	Millions of yen	
		NOPAT (Net Operating Profit After Taxes)	Invested capital
Domestic Beverage Business	16.3%	4,723	28,922
International Beverage Business	(6.7%)	(529)	7,863
Non-beverage Businesses	2.7%	684	25,385
Consolidated	4.4%	2,791	63,393

* Calculation method

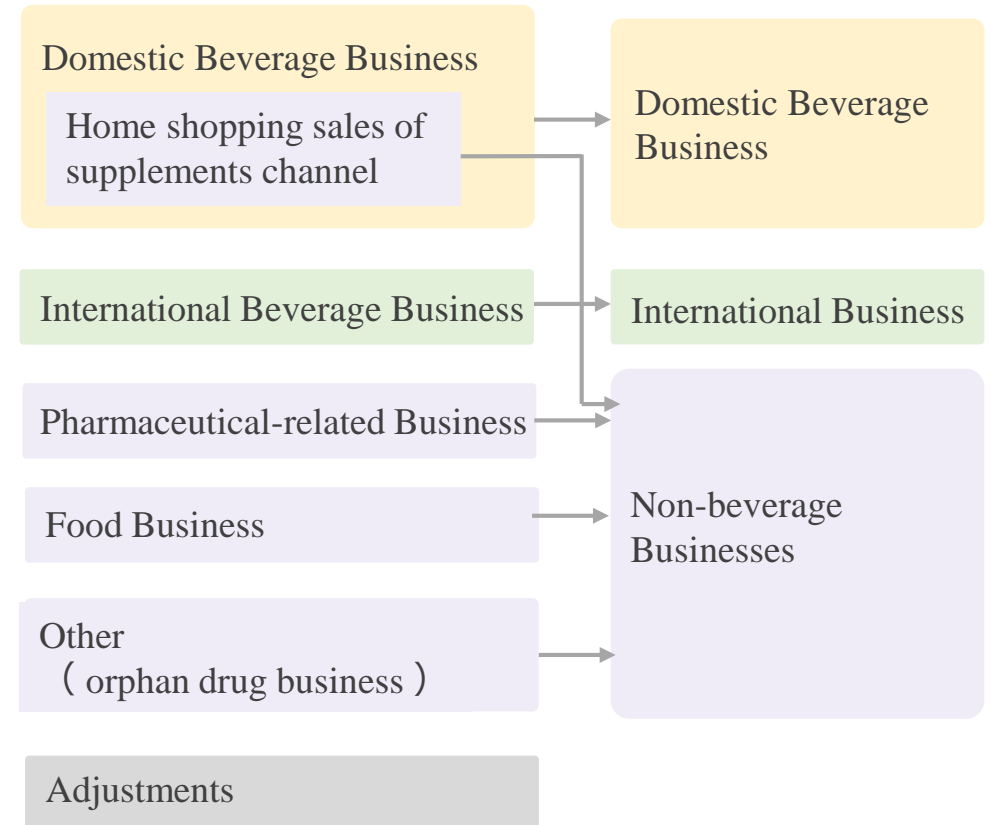
$$\text{Consolidated ROIC} = \frac{\text{NOPAT (Net Operating Profit After Taxes)}}{\text{Total invested capital in each segment}}$$

$$\text{Segment ROIC} = \frac{\text{Segment profit after taxes}}{\text{Current assets - current liabilities + fixed assets}}$$

Reference: Business category

- Reporting segment

- Category under the basic policies of Group Mission 2030



FY2022 Consolidated Full-year Performance Outlook



We expect consolidated sales totalled 156,000 million yen , the financial impact of which is forecast to total 10,500 million yen in FY2022 under revenue recognition criteria (based on change in revenue levels)

We predict that the influence of the pandemic on us will gradually lessen

While the dramatic rise in raw material prices has had an impact, we are continuing to invest in future growth

Millions of yen

	FY2021 Results		FY2022 Forecast				Ref : FY2022 Forecast (the conventional standard)			
		Component ratio		Component ratio	% (YoY)	Amount (YoY)	Impact on performance		% (YoY)	Amount (YoY)
Net sales	162,602	100.0%	156,000	—	—	—	10,500	166,500	2.4%	3,897
Operating profit	4,581	2.8%	3,300	2.1%	(28.0%)	(1,281)				
Ordinary profit	5,651	3.5%	3,700	2.4%	(34.5%)	(1,951)				
Profit attributable to owners of parent	3,974	2.4%	2,200	1.4%	(44.6%)	(1,774)				
EPS	254.20yen		140.56yen			(113.64yen)				
Dividend per share	60yen		60yen			—				
Capital expenditure	10,064		12,250		21.7%	2,185				
Depreciation	6,918		7,700		11.3%	781				

FY2022 Full-year Performance Outlook by Segment



In the Domestic Beverage Business, we forecast further increase in the number of vending machines and improved sales per machine

In the Turkish business (International Beverage Business) we forecast increased revenue on a local currency basis, but decreased revenue in Japanese yen due to exchange rate fluctuations

Millions of yen

	FY2021 Result	FY2022 Forecast							
		Y on Y		Ref : The conventional standard			Y on Y		
		%	Amount	Impact on performance	Amount	%	Amount		
Net sales	Domestic Beverage Business	118,080	116,900	—	—	8,200	125,100	5.9%	7,019
	International Beverage Business* ¹	12,777	9,200	—	—	—	9,200	(28.0%)	(3,577)
	Pharmaceutical-Related Business	11,133	11,500	—	—	150	11,650	4.6%	516
	Food Business	21,165	19,000	—	—	2,150	21,150	(0.1%)	(15)
	Other* ²	—	—	—	—	—	—	—	—
	Adjustment	(553)	(600)	—	—	—	—	—	—
	Total net sales	162,602	156,000	—	—	10,500	166,500	2.4%	3,897
Operating profit	Domestic Beverage Business	6,267	5,950	(5.1%)	(317)				
	International Beverage Business	(528)	(100)	—	428				
	Pharmaceutical-Related Business	(19)	50	—	69				
	Food Business	959	700	(27.0%)	(259)				
	Other* ²	(573)	(1,000)	—	(426)				
	Adjustment	(1,524)	(2,300)	—	(775)				
	Total net sales	4,581	3,300	(28.0%)	(1,281)				

*1 Because the local accounting applies IFRS, no impact from applies revenue recognition standards

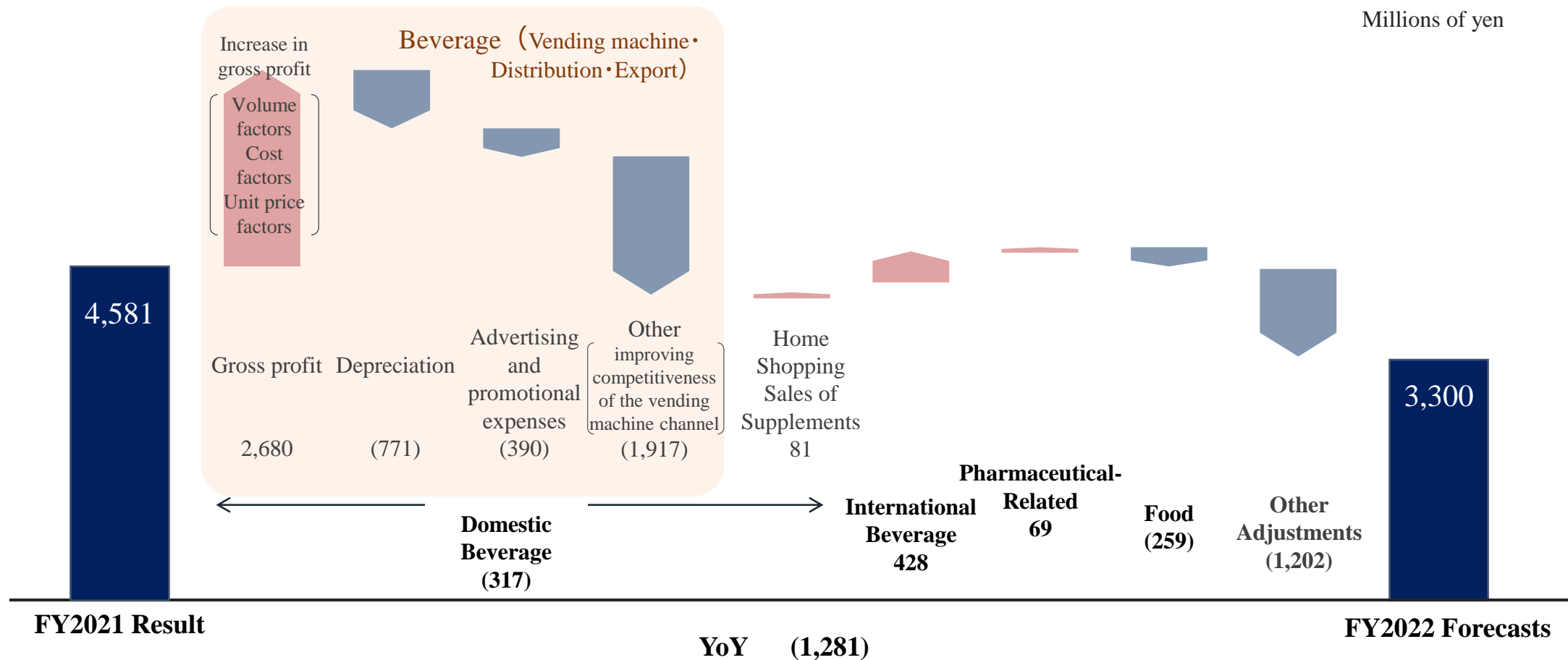
*2 "Other" represents the orphan drug business, which is not included in the reported segments

FY2022 Consolidated Full-year Performance Outlook Factors Contributing to Changes in Operating Profit: Compared to the Previous Year



In the Domestic Beverage Business, increased revenue—particularly in the vending machine channel—will offset cost price rises

We forecast improved profits in the International Beverage Business through improved sales on a local currency basis and the resolution of one-off expenses





03 Segment Overview

We will continue with aggressive sales activities and investment toward renewed growth for the vending machine channel

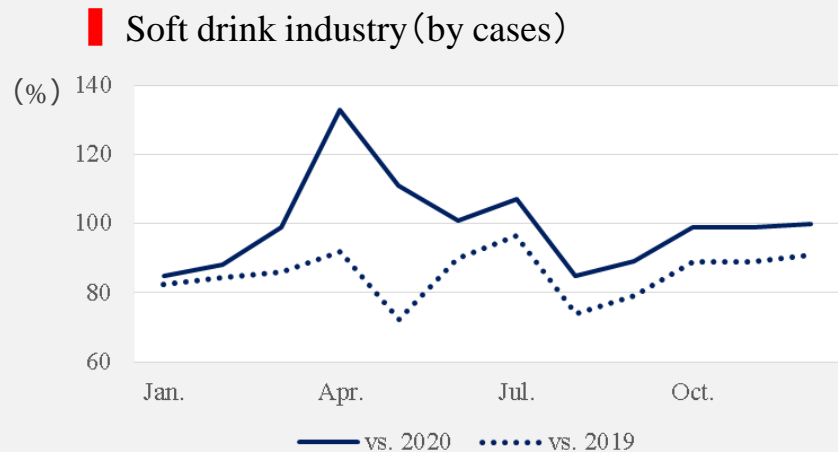


Increase in new locations

Improve sales potential of locations

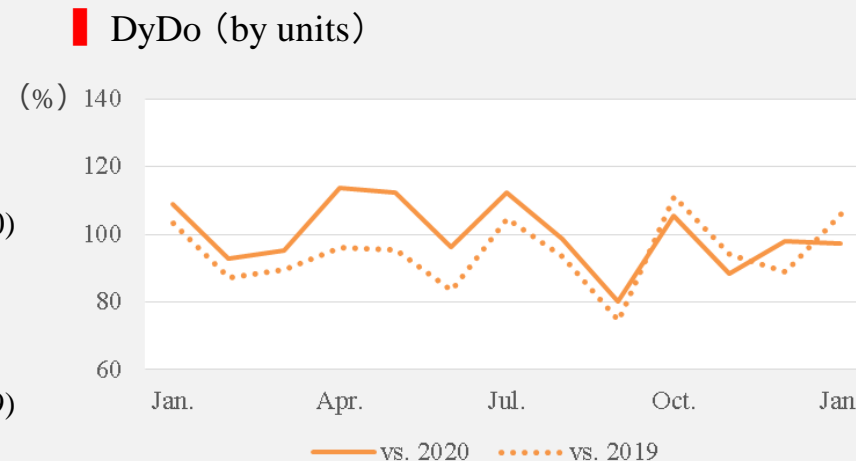
Curb removals from good sites

Monthly vending machine sales trends



99 %
(compared to FY2020)

86 %
(compared to FY2019)



98.9 %
(compared to FY2020)

93.2 %
(compared to FY2019)

We are promoting initiatives aimed at establishing a firm competitive advantage in the vending machine market

Millions of yen

	Result					Performance forecasts				For reference:				
	FY2020	Component ratio	FY2021	Component ratio	% (YoY)	Amount (YoY)	FY2022	Component ratio	% (YoY)	Amount (YoY)	Impact on performance *	The conventional standard	% (YoY)	Amount (YoY)
Net sales	115,536	—	118,080	—	2.2%	2,543	116,900	—	—	—	8,200	125,100	5.9%	7,019
Operating profit	7,110	6.2%	6,267	5.3%	(11.9%)	(843)	5,950	5.1%	(5.1%)	(317)	*Increase/decrease from before applies revenue recognition method			
Capital expenditure	5,949		7,219		21.3%	1,269	7,800		8.0%	580	(From January 21st to January 20th of the following year)			
Depreciation	3,548		4,028		13.5%	479	4,800		19.2%	771				

FY2021 summary

- Vending machine channel : Steady increase in the number of machines and roll-out of smart operations
- Distribution channel: Despite a gradual drop in the effect on sales of the Demon Slayer (Kimetsu no Yaiba) tie-in, it still helped us to expand our sales channels
- Home shopping sales of supplements: Recovered initial investment and drove segment profits with a high rate of growth

Key takeaways from our FY2022 performance forecasts

- Steady growth by increasing the number of vending machines and improving per machine sales
- We will cover raw material price jumps by increasing revenue but depreciation costs and advance investment outgoings will also rise
- We will maintain the high rate of growth in home shopping sales of supplements

Sales by channel

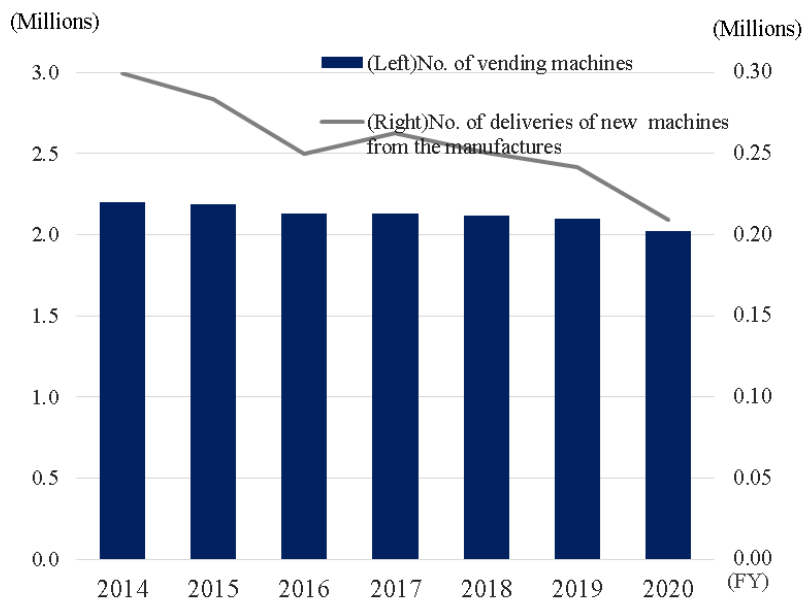
Millions of yen / Cases

			FY2021		
				% (YoY)	Amount (YoY)
Net sales	Vending machine	91,867	93,347	1.6%	1,480
	Distribution • Export	20,451	20,437	(0.1%)	(14)
	Home Shopping Sales of Supplements	3,217	4,295	33.5%	1,077
	Total	115,536	118,080	2.2%	2,543
Cases	Vending machine	41,364	41,016	(0.8%)	(347)
	Distribution • Export	9,289	8,953	(3.6%)	(336)
	Total	50,653	49,969	(1.4%)	(683)

We will push customer-oriented sales and maximize quality (per machine sales) and quantity (No. of machines)

Trends in No. of vending machines

No. of vending machines and no. of deliveries of new machines from the manufactures

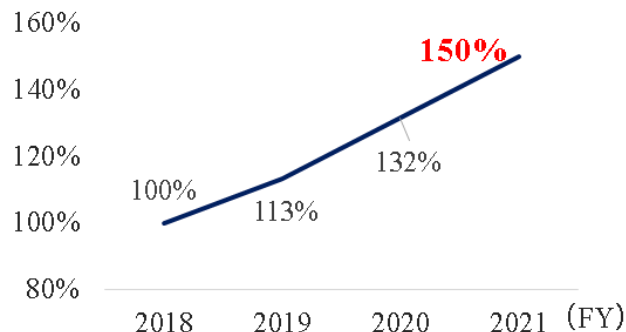


*Data taken from the Ministry of Economy, Trade and Industry's Yearbook of Current Production Statistics (Machinery Statistics) and from the Japan Vending System Manufacturers Association, compiled by DyDo

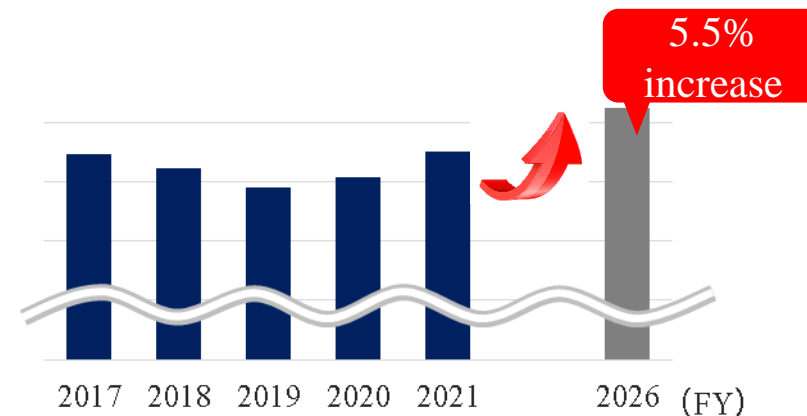
Initiatives toward sales growth

- Increase in the number of vending machines
- Continued strengthening of efforts to open up new locations
- Promote installations with potential for high per machine sales
- Initiatives to improve per machine sales
- Optimize product line-ups for each machine to maximize sales for each location

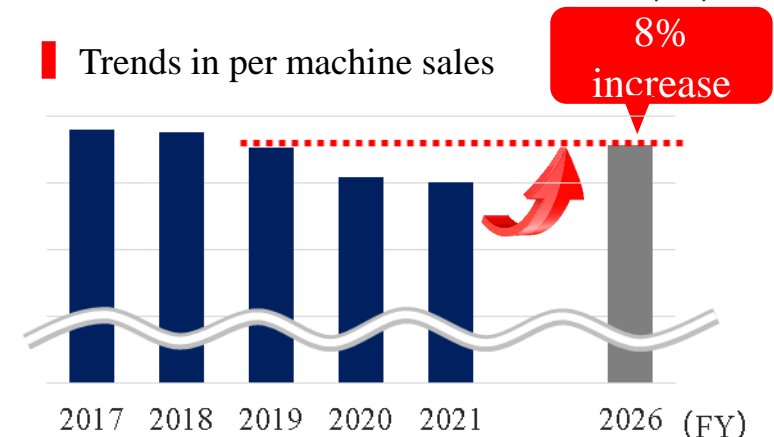
Raise individual productivity (newly developed machines locations)



Trends in no. of DyDo machines in operation at the end of the fiscal year



Trends in per machine sales

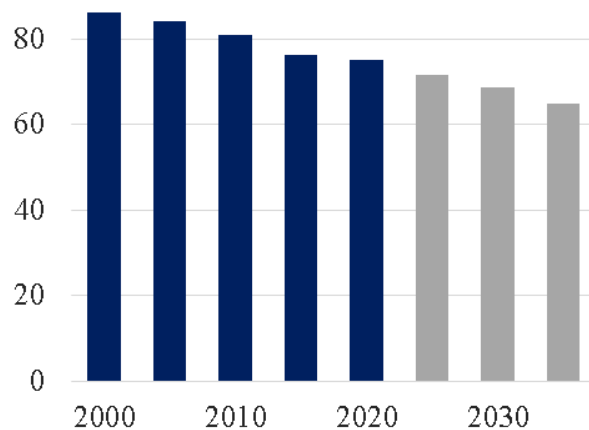


We have mostly completed our construction of a smart operations structure, and we will continue to constantly evolve it to meet the times and customers' needs

Changes in the labor market

Trends in the working population in Japan

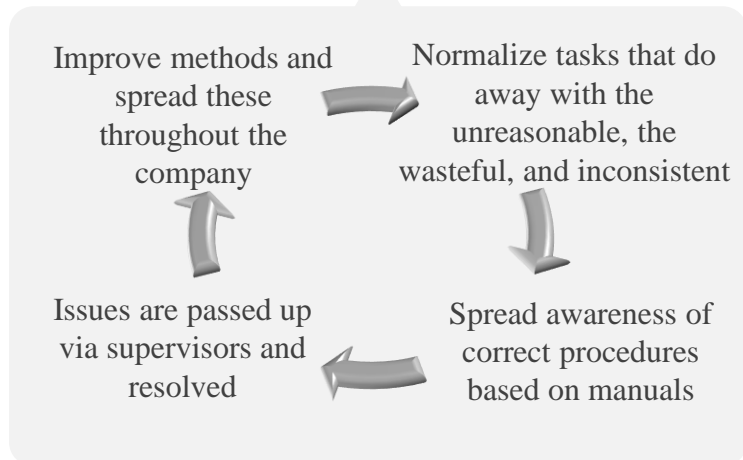
(Millions)



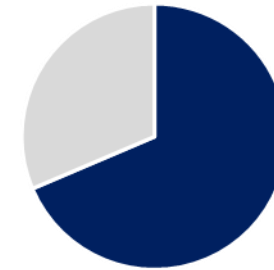
(Data taken from the Ministry of Internal Affairs and Communications' census data and the National Institute of Population and Social Security Research's Population Projection for Japan [estimated 2017], compiled by DyDo)

Initiatives to provide greater value using smart operations

- Complete smart operations rollout to all machines
 - Scheduled to be achieved in May
- Maximize sales using data gathered by connecting all machines to the Internet
- Increase work efficiency and promote diverse working styles
- Make continuous improvements to optimize operations



Proportion of direct sales sites



(As of the end of FY2021)

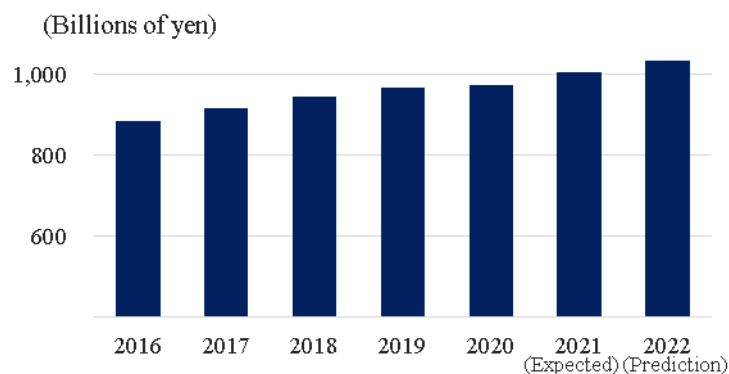
Smart operations concept



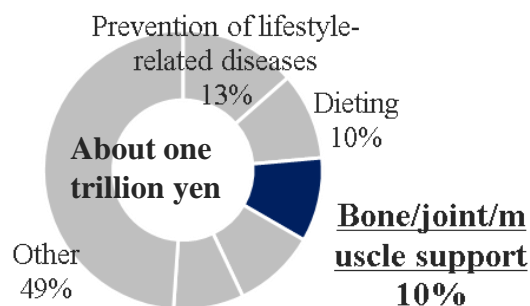
Through appropriate investment in advertising, particularly for “Locomo Pro,” we can increase the number of regular customers we attract

Market environment

Home shopping sales of supplements market

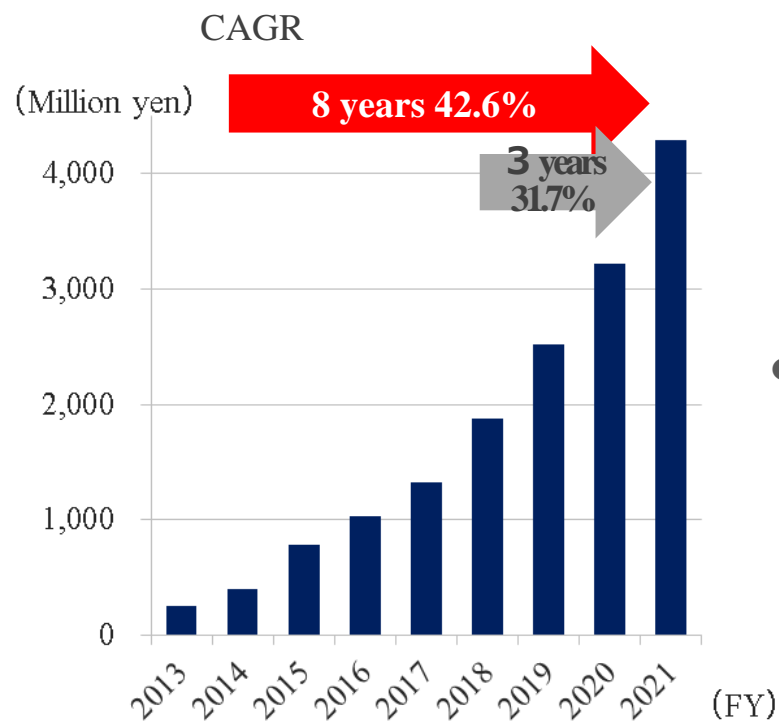


Market for supplements



Source: all data taken from Fuji Keizai Co., Ltd.'s H B Foods Marketing Handbook 2022

Trends in sales in the home shopping channel



FY2022 main strategies

- Continue expanding sales of our main driver, “Locomo Pro”
 - Establish first contact with customers by maximizing efficiency of flyers and TV and online advertising
 - Gain dedicated fans by refining communication tools
 - Publicize evidence of health effects
- Encourage sales of products closely related to “Locomo Pro”



We will focus on improving profitability in the Turkish business, and aim to stabilize performance

Millions of yen

	Result						Performance forecasts				For reference:			
	FY2020		FY2021				FY2022				Impact on performance *	The conventional standard	% (YoY)	Amount (YoY)
		Component ratio		Component ratio	% (YoY)	Amount (YoY)		Component ratio	% (YoY)	Amount (YoY)				
Net sales	12,191	—	12,777	—	4.8%	585	9,200	—	(28.0%)	(3,577)	—	—	—	—
Operating profit	(9)	(0.1%)	(393)	(3.1%)	—	△383	(34)	(0.4%)	—	358	※Because the local accounting applies IFRS,no impact from applies revenue recognition standards			
Amortization of goodwill, etc.	165	1.4%	135	1.1%	(18.1%)	△29	65	0.7%	(51.8%)	(70)				
Operating profit after subtracting amortization of goodwill, etc.	(175)	(1.4%)	(528)	(4.1%)	—	△353	(100)	(1.1%)	—	428				
JPY per TRY	15.18yen		12.44yen				6.00yen		(6.44yen)					
JPY per CNY	15.45yen		17.13yen				16.50yen		(0.63yen)					

(From January 1st to December 31st)

FY2021 summary

- Turkey
 - High growth on a local currency basis meant that we also had increased revenue after conversion to Japanese yen
 - The rapid weakening of the lira caused a dramatic rise in the cost of imported raw materials and logistics costs inside and outside the country lead to a jump in overall costs
- China
 - We started local manufacturing and achieved single-year profitability

FY2022 main strategies

- Turkey
 - We will focus our energies on Home/Office Delivery sales of mineral water, which is a relatively easy way of securing profits
 - Flexibly respond with price changes to improve profitability
 - Improve tolerance toward currency fluctuations by expanding the export business
- China
 - Contribute to the segment's overall profit by expanding local manufacturing

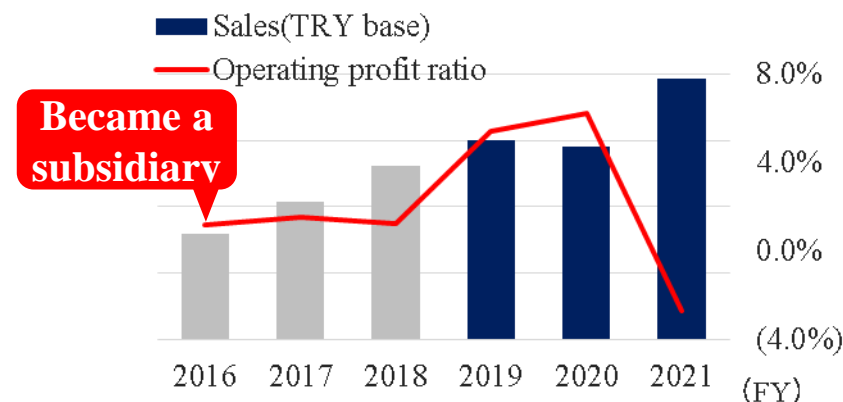
While reforming our business model to respond to dramatically rising costs, we will lay the groundwork for growth inside and outside Turkey in the medium and long term

■ Performance on a by a local currency basis (compared to the same period in FY2020 and FY2019)

- Our main driver, mineral water, saw sales quantity rise despite raising prices (Liter base : All categories+ 1 %, Mineral water + 5 %)

		1Q	2Q	3Q	4Q	cumulative
FY2021	vs.2020	(8%)	+30%	+29%	+106%	+35%
	vs.2019	+10%	+10%	+31%	+80%	+31%
	exchange rate	13.98yen	13.44yen	13.25yen	12.44yen	12.44yen
FY2020	vs.2019	+19%	(15%)	+2%	(12%)	(3%)
	exchange rate	17.48yen	16.55yen	15.81yen	15.18yen	15.18yen

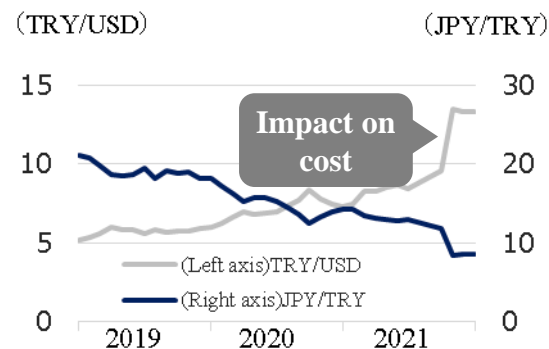
■ Trends in sales and profitability on a local currency basis



Business environment

- Weakening of the lira
 - The value of the Turkish lira dropped rapidly, from ¥14 at the start of fiscal 2021 to ¥8.5 by the end
 - We have to import many raw materials, such as those used to make plastic bottles, and cost rates are rocketing
- Economic situation
 - Raising wages has been mandated by law to respond to high inflation

■ Trends in value of the Turkish lira



Business strategies

- Respond to dramatically rising costs (Based on the assumption that rising prices for raw materials and logistics costs, as well as the weakening of the Turkish lira, will continue)
 - In the short term, increase prices to offset rising costs
 - In the medium to long term, work to improve cost rates by enhancing the efficiency of our production and distribution
- Implement initiatives aimed at growth
 - Secure new water sources to expand sales of mineral water in response to growing demand
 - Strengthen sales activities through export channels to Europe and other areas

With increased orders for pouch products and a recovery in demand for drinkable preparations, we will bolster our efforts aimed at raising utilization rates at our Kanto Plant

Millions of yen

	Result					Performance forecasts								
	FY2020	Component ratio	FY2021	Component ratio	% (YoY)	Amount (YoY)	FY2022	Component ratio	% (YoY)	Amount (YoY)	For reference:	Impact on performance*	The conventional standard	% (YoY)
Net sales	10,324	—	11,133	—	7.8%	808	11,500	—	—	—	150	11,650	4.6%	516
Operating profit	(425)	(4.1%)	(19)	(0.2%)	—	406	50	0.4%	—	69	*Increase/decrease from before applies revenue recognition method			
Capital expenditure	439		223		(49.3%)	(216)	300		34.5%	76	(From January 21st to January 20th of the following year)			
Depreciation	1,122		1,190		6.0%	67	1,200		0.8%	9				

FY2021 summary

- Drinkable preparations
 - While consumer demand, particularly from our existing partners, has not returned and has been severely affected by the pandemic, a recovery is just ahead
- Pouch products
 - Steady orders mean that we look to have secured an appropriate utilization rate until at least FY2023

FY2022 main strategies

- We will raise product quality by enhancing employee awareness alongside improving their knowledge and technical skills, and by levelling up the examination system
- The drinks line (completed in 2020) at our Kanto Plant will lead to improved productivity and reduced costs
- We will respond to a dramatic rise in raw material costs by changing prices
- Vitalizing our proposal-based sales activities to receive new, large-scale orders

We will challenge ourselves to create new demand and acquire new sales channels in sectors related to fruits and jellies

Millions of yen

	Result					Performance forecasts				For reference:				
	FY2020	Component ratio	FY2021	Component ratio	% (YoY)	Amount (YoY)	FY2022	Component ratio	% (YoY)	Amount (YoY)	Impact on performance *	The conventional standard	% (YoY)	Amount (YoY)
Net sales	20,900	—	21,165	—	1.3%	265	19,000	—	—	—	2,150	21,150	(0.1%)	(15)
Operating profit	1,298	6.2%	1,311	6.2%	1.0%	13	1,052	5.5%	(19.8%)	(259)	*Increase/decrease from before applies revenue recognition method			
Amortization of goodwill, etc.	352	1.7%	351	1.7%	(0.1%)	(0)	352	1.9%	0.1%	0				
Operating profit after subtracting amortization of goodwill, etc.	946	4.5%	959	4.5%	1.4%	13	700	3.7%	(27.0%)	(259)				
Capital expenditure	864		755		(12.6%)	(109)	1,050		39.0%	294				
Depreciation	810		815		0.6%	4	1,000		22.6%	184				

(From January 1st to December 31st)

FY2021 summary

- Sales
 - Despite the continued harsh environment at convenience stores due to the diversification of the dessert market, this was covered by sales at mass retailers
 - Foreign exports and home shopping sales grew
- The profit margin was maintained through multi-faceted cost cutting

FY2022 main strategies

- We will develop added-value dry jelly and pouch jelly products that cater to changes in consumer behavior
- Our initiatives, unrestrained by conventional product categories, will help us to expand overseas sales channels and create new product categories
- We will improve productivity by reviewing stock keeping units

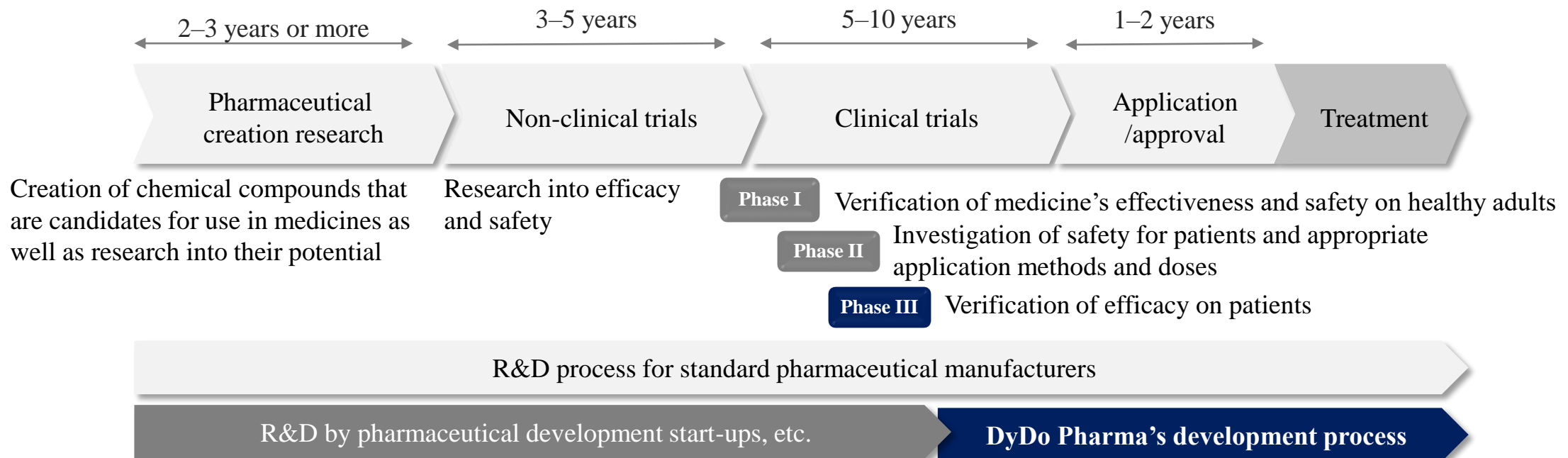
We will proceed with clinical development of new drug discovery seeds

FY2021 summary

- Rights to commercialize new drug discovery seeds in Japan were approved and granted
- DYD-301: a drug that is expected to be effective in treating patients with Lambert Eaton myasthenic syndrome

FY2022 main strategies

- Make steady progress with developing the seeds of two new drugs (DYD-301 and DYD-701) in Japan and aim to receive approval to manufacture and sell them
- Aim to acquire license agreements in Japan for new orphan drug candidates seeds





04 Working toward Sustainable Growth

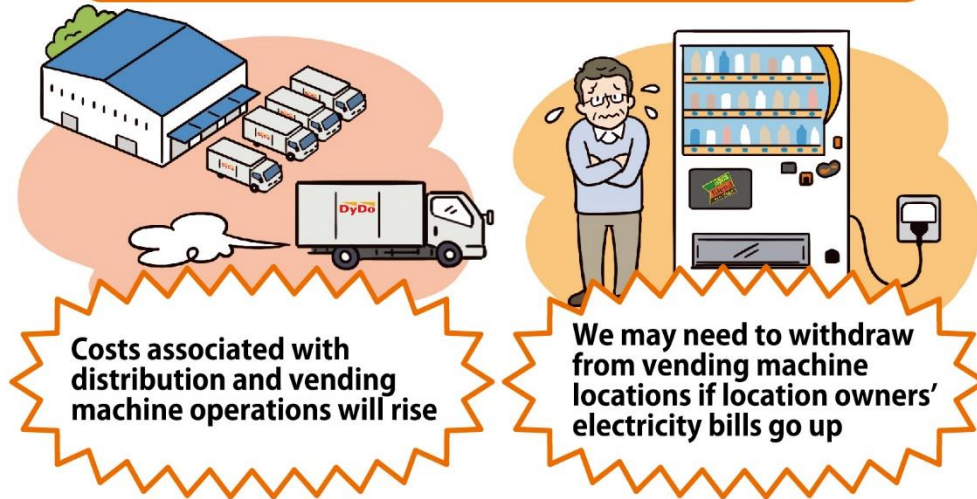
Support for the TCFD's Recommendations and Overview of Climate Change Scenario Analyses

Aiming to help contribute to decarbonizing society, we announced that we would follow the recommendations of the Task Force on Climate-related Financial Disclosures

As such, we have analyzed the climate-change-related risks and opportunities that face our businesses

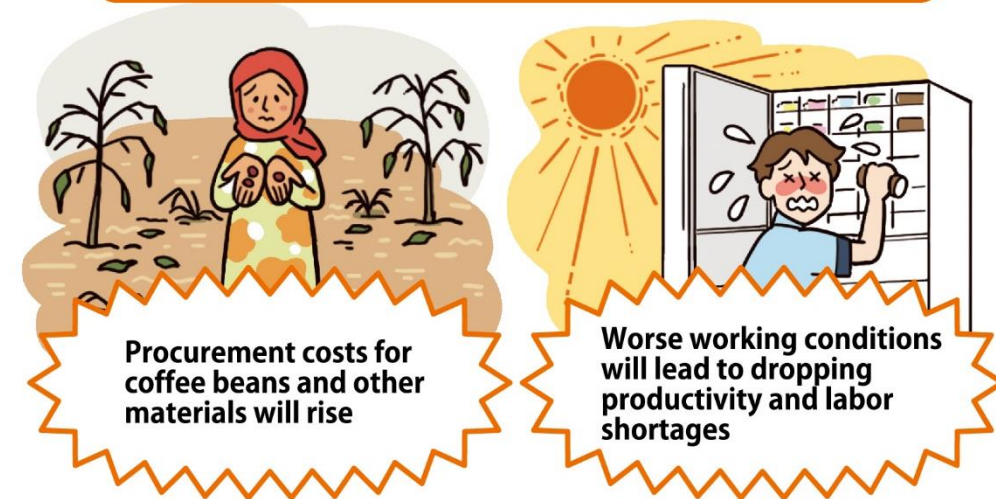
2°C rise in global temperatures

Stronger restrictions, including carbon taxes



4°C rise in global temperatures

The average atmospheric temperature will rise



Responses to the impacts of climate change

- Shift to a sustainable vending machine business model based on our development of smart operations
- Develop a system that allows more decentralized procurement of raw materials
- Expand line-up of attractive products that don't require coffee beans

Carbon Neutrality for the Vending Machine Business and Contributing to a Recycling-oriented Society

We have set targets, particularly for our core vending machine business, and will work to bring about a decarbonized, recycling-oriented society and fulfill our duty as a corporate group

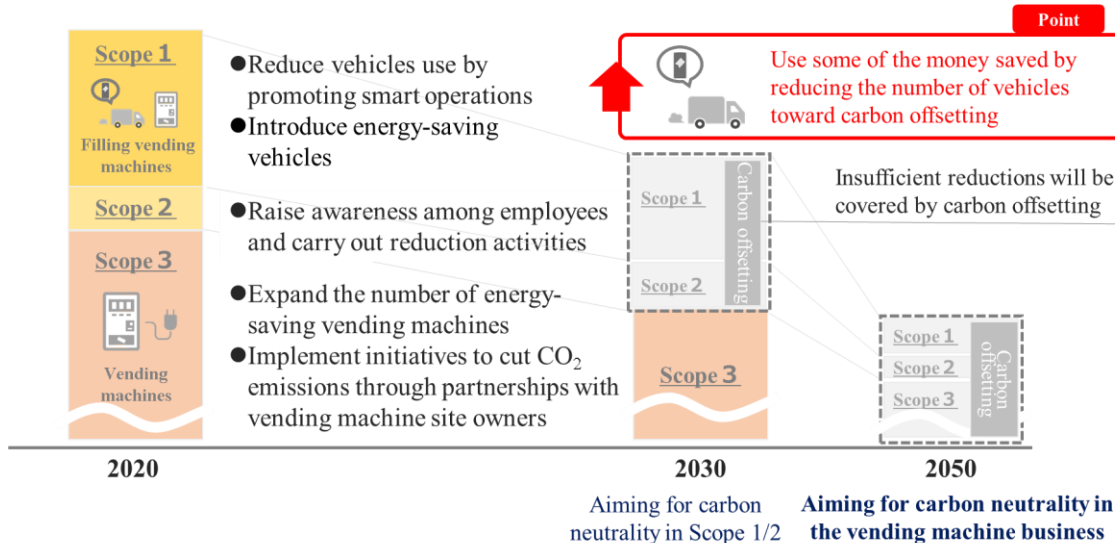
Designation of CO₂ emission reduction targets

- We will aim to make emissions (Scope 1 and 2) by the Domestic Beverage Business*¹ carbon neutral by 2030
- We will aim to cut CO₂ emissions (Scope 1 and 2) for major Japanese group subsidiaries*² by half*³ compared to 2020 levels by 2030
- We will aim to make our vending machine business carbon neutral by 2050 (for both direct emissions and through generating the electricity the machines use*⁴)

Priority goal for recycling-oriented society*⁵



Reduction of direct emissions by the vending machine business



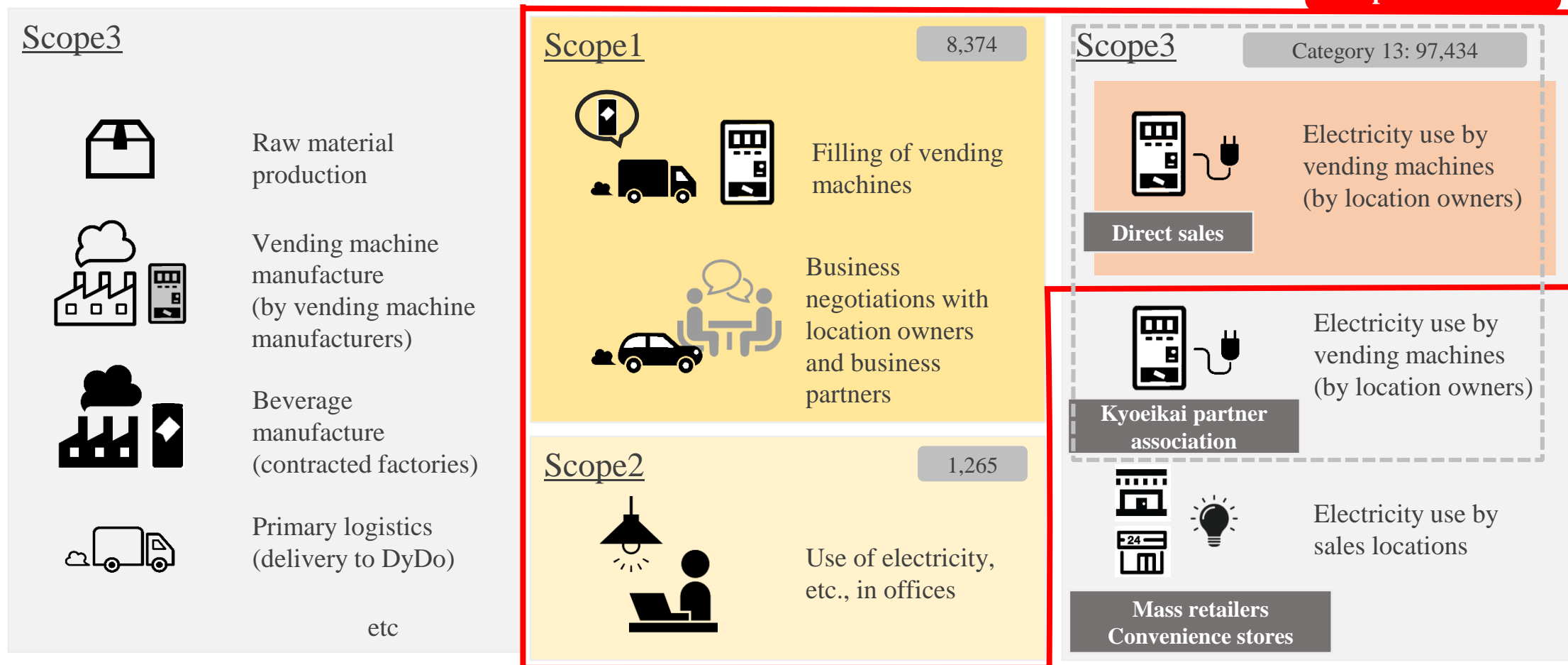
*1: DyDo DRINCO, DyDo Beverage Service, and DyDo Business Service
 *2: DyDo DRINCO, DyDo Beverage Service, DyDo Business Service, DAIDO yakuhin, Tarami
 *3: Calculated by dividing the total emissions for relevant group companies by total sales
 *4: CO₂ emissions produced by vending machines operated by DyDo Beverage Service (Scope 3)
 *5: Priority environmental targets announced in November 2020

Reference: The Domestic Beverage Business Supply Chain

Together with our customers, we will aim for carbon neutrality in our vending machine business

Manufacture/distribution → Operations → Sales

**Carbon neutrality
Scope of activities**



Figures given in the top right corner of each scope are the respective emissions (unit: tons-CO₂)

*For Scope 3, we have disclosed details for the emissions produced as a result of electricity consumption by our vending machines, an important part of the scope, but our target of carbon neutrality covers the portion attributed to direct sales

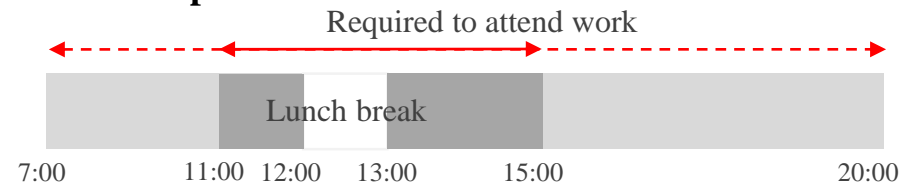
Based on our employees' wishes, we will improve our labor system to allow employees themselves to pick a way of working that suits them

We will promote active participation by diverse personnel and aim to raise employee engagement

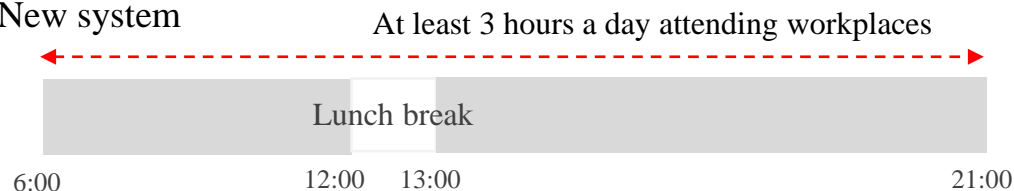
Super-flex workplace attendance system

- Core working hours (11:00–15:00) will be abolished
- We extended the time at which employees can choose to start and finish work by one hour (from 7 am to 6 am, and from 8 pm to 9 pm)

Conventional pattern



New system



Changes to rules governing new working styles

- We have changed the rules so as to move from a system where all employees were recommended to utilize teleworking or mobile working to a system whereby individual can choose their own preferred working style from the following:
 - (1) A working style that revolves around teleworking and mobile working
 - (2) A working style that requires attendance every working day



Employees can decide freely based on their individual job roles and home environments



We will increase the number of independent outside directors on the Board* and strengthen its oversight functions and diversity

*Providing it is approved at the 47th Annual General Meeting of Shareholders (scheduled for April 15, 2022)

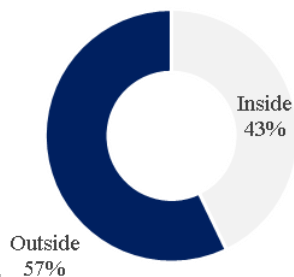
Director candidate skill matrix

	Our director candidates' knowledge, experience and expertise										
	Experience as President	Beverage industry/vending machines	Food products industry	Pharmaceutical industry	International business	Finance and accounting	Law	Human resources and diversity	Digitalization	M&A	Internal regulation and auditing
Tomiya Takamatsu	○							○	○		
Naoki Tonokatsu		○				○					
Naoyuki Nishiyama		○			○				○	○	
Shinji Mori							○				○
Masataka Inoue			○		○					○	○
Michiaki Kurihara	○*			○	○						
Junko Kawano								○			

Composition of the Board of Directors

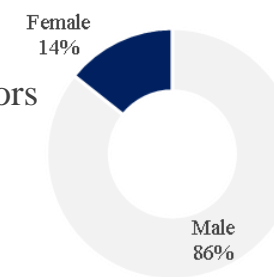
● Proportion of outside directors

More than half (4/7)



● Proportion of female directors

14% (1/7)



* Overseas subsidiary

With the start of Mid-term Business Plan 2026, the management compensation system for fiscal 2022 onward* will be as follows

- Executive director compensation comprises three elements: base compensation; performance-based bonuses; and, as a medium- to long-term incentives, stock-based compensation
- In view of their job responsibilities, outside directors, who exercise supervisory functions, receive base compensation only

*Provided it is approved at the 47th Annual General Meeting of Shareholders (planned for April 15, 2022)

Compensation system for directors and auditors

	Monetary compensation		Non-monetary compensation (stock-based compensation)	
	Fixed	Performance-based	Fixed	Performance-based
	Base compensation	Performance-based bonus	Restricted-stock-based compensation	Stock benefit trust
Directors (excl. outside directors)	●	●	●	●
Outside directors	●	-	-	-
Corporate auditors	●	-	-	-
Period	Once a month	Once a year	Once a year	At the time of retirement
Director (excl. outside directors) compensation breakdown	Approx. 60%	Approx. 30%	Approx. 10%	

Performance indicators used to calculate performance-based compensation

Performance-based bonus	Board benefit trust
<ul style="list-style-type: none"> • Consolidated sales • Consolidated operating profit 	<ul style="list-style-type: none"> • Consolidated sales • Consolidated operating profit

*FY2026 will also include extent of achievement toward Mid-term Business Plan 2026

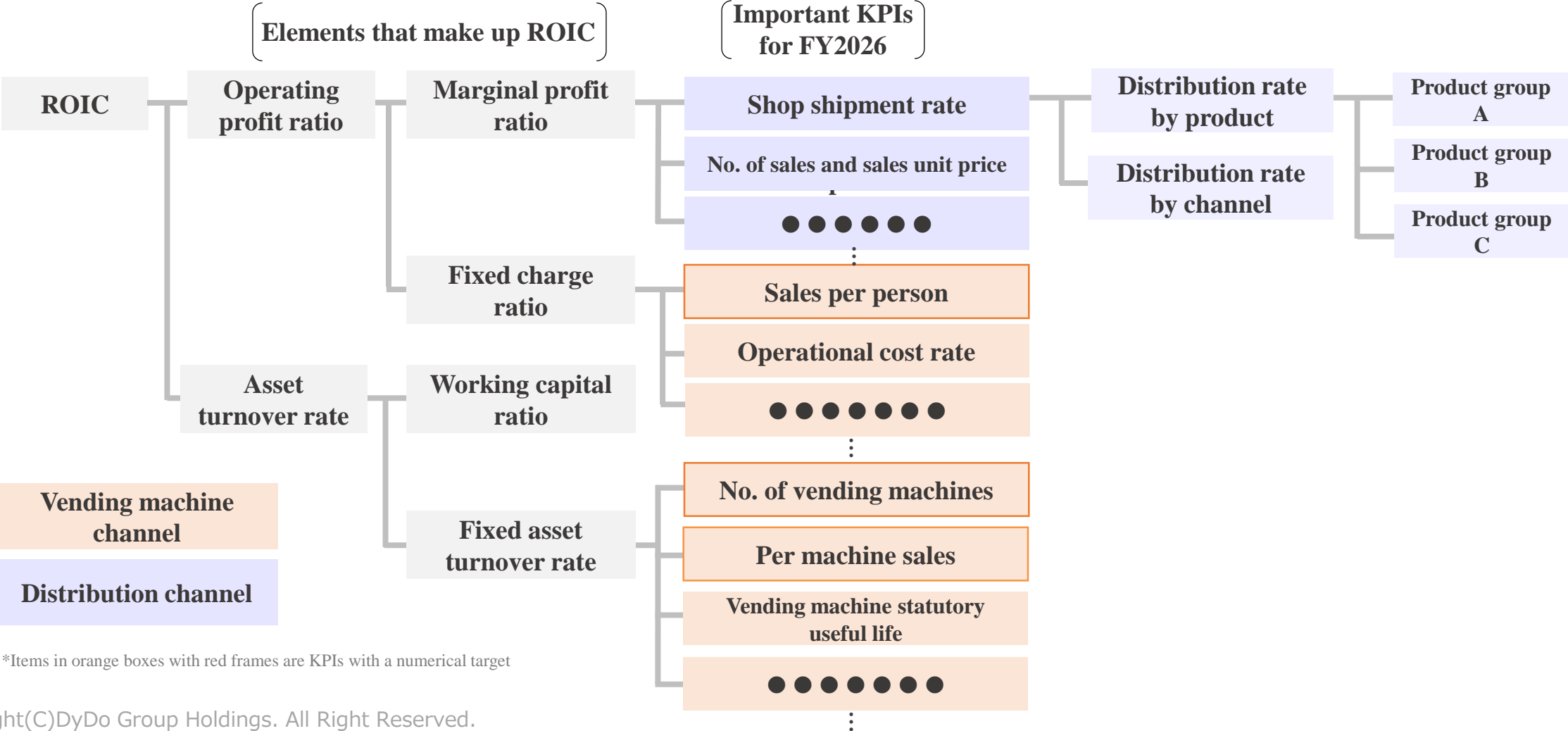
Enhancing Management and Auditing by Developing an ROIC Tree



Using an ROIC tree, we can take a bird's-eye management view of everything from the medium- to long-term target of ROIC to more detailed KPIs for each of our companies and operating divisions

Management KPIs for the Board of Directors

Management KPIs for each company

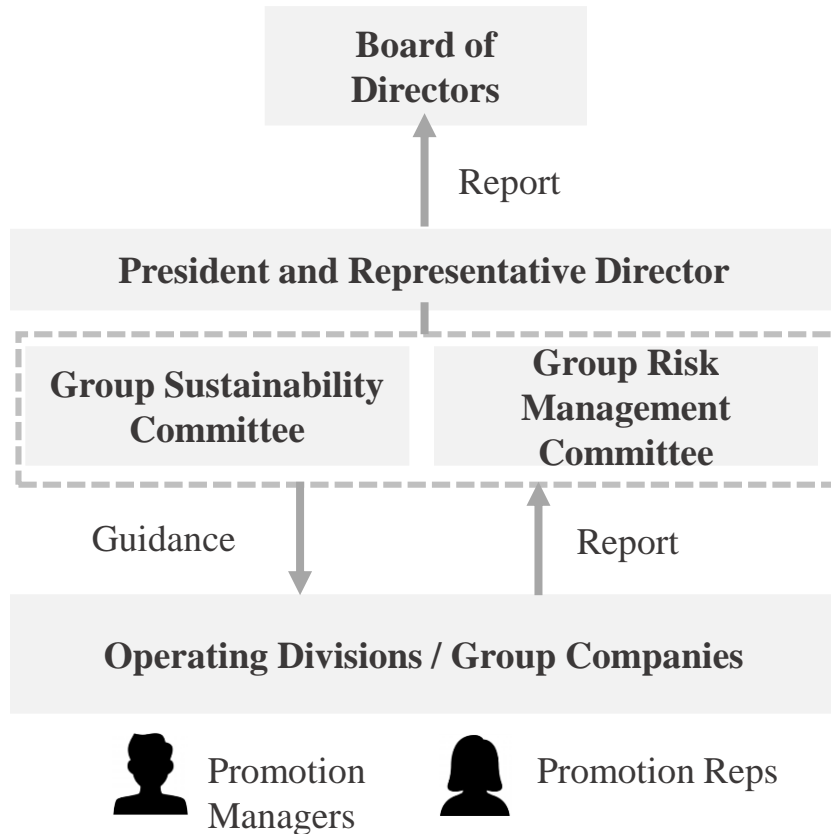


*Items in orange boxes with red frames are KPIs with a numerical target

We are formulating concrete action plans for each group company and operating division based on our material issues

We are appointing promotion managers and reps in each group company and operating division, and promoting understanding of our sustainability management

Sustainability promotion framework



Role of promotion managers and reps

- Consideration of reviews depending on necessity and progress of sustainability programs based on material issues
- Participation in dialogue with stakeholders (once a year)
- Spread awareness of sustainability management within the company and each operating division

DyDo DRINCO's sustainability program excerpt

Materiality	KPI				Initiatives to meet targets	Initiative period	FY2022 action plans		
	Subcategory	FY2029	FY2026	Progress			Initiative goals	Specific measures	Concrete progress situation
Developing a recycling-oriented society	Empty-container collection rate	100%	xx%		Improving voluntary collection rate				
	Percentage of sustainable plastic containers	More than 60%	xx%		Rolling out sustainable containers, bearing in mind impact on material costs and market situation				
	Service life of vending machines (years)	15years	xx years		Lengthening service life, including systematic roll out of Frontier Vendors				

Formulating concrete action plans

We should deliver food and drink that is delicious for body and mind to create enjoyable, healthy lifestyles for people around the world

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

In the vending machine market,
we will provide new value through
constantly taking on challenges
and co-creating and so continue
to lead the industry

こころとからだに、
おいしいものを。



Offering delicious products
for sound mind and body

We will produce medicines
for patients suffering from orphan
diseases for which there are currently
no treatment options

We will create global brands
that support the health of people
all over the world

We will be
the no. 1 contact manufacturer
in the health and beauty field

We will utilize our fruits and jellies
to pursue great taste and health,
to make people happy



Appendix **Mid-term Business Plan 2026**

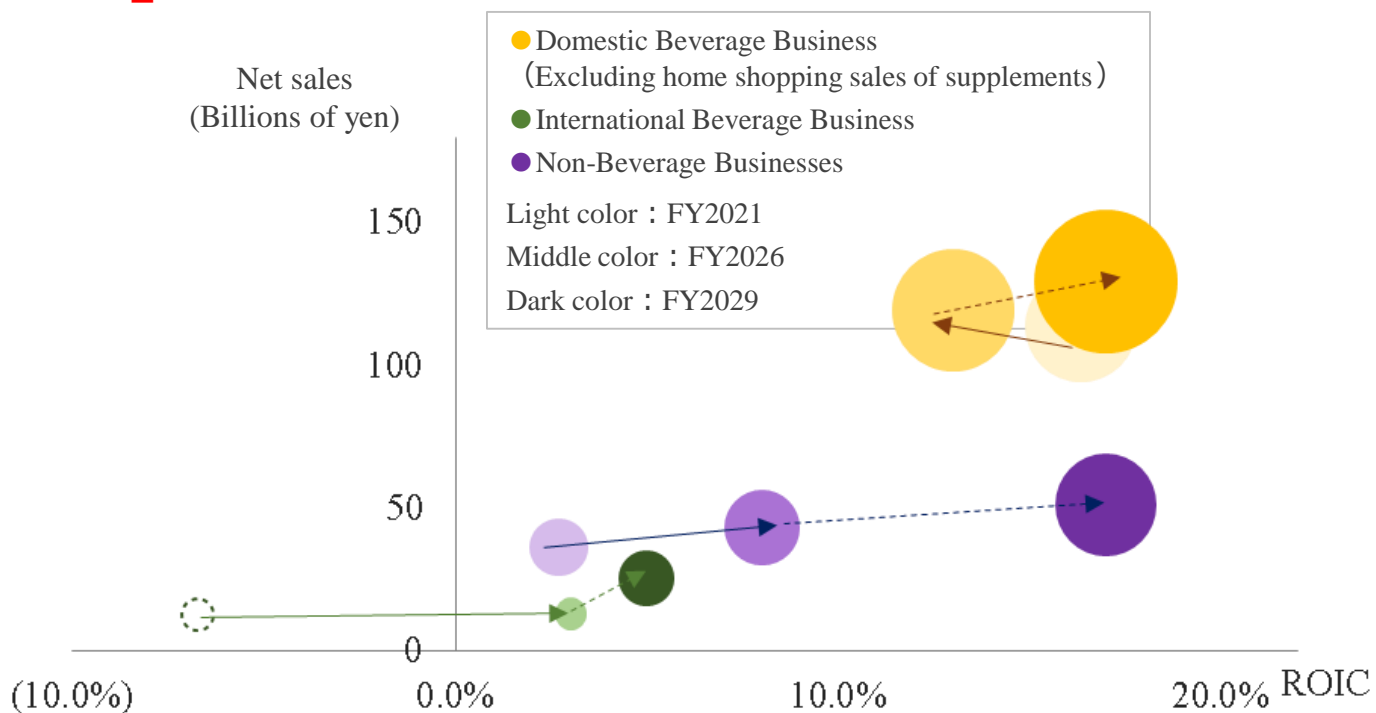
Partial excerpt from Mid-term Business Plan 2026, disclosed at January 14, 2022

*FY2021 results have been updated from forecasts to actual performance

We are laying a path back to a trajectory of renewed growth so as to progress to the Achievement Stage

- (1) By renewing growth in the Domestic Beverage Business, we are improving our ability to generate cash flows
- (2) We are rebuilding the strategies that guide our business activities overseas as we move toward the Achievement Stage
- (3) In non-beverage sectors, we are developing new businesses (like DyDo Pharma) from a long-term perspective alongside strengthening our existing businesses

Growth image



KPI

Sales growth rate(CAGR)

*Currency Neutral

+3%

Consolidated operating profit ratio

4%

Consolidated ROIC

*Invested capital is the amount put into in the business segments

6%

Based on the three basic policies, we aim to expand the value we offer to achieve the goals of Group Mission 2030

Renewing growth in the Domestic Beverage Business

- Achieving sustainable growth by evolving our business model
 - (Vending machine channel) Expand the number of vending machines and create stronger brand power for the DyDo shop concept to increase vending machine profitability
 - (Vending machine channel) Develop smart operations to reform our revenue structure and expand these to all our vending machines
 - (Distribution channel) Creating added value to establish a unique position

Reformulating our international business strategies

- Expanding existing businesses
 - (Turkish business) Secure new water sources and increase plant facilities to expand our mineral water and export businesses
 - (Chinese business) Expand locally made products to grow sales and profits
- Reformulating our business strategies
 - Investigate business structure that enable flexible business expansion
 - Start investigating new business areas
- Cultivating global brands
 - In addition to expanding exports of products made in Japan specifically for overseas markets, develop products in cooperation with DyDo DRINCO (Domestic Beverage Business) to cultivate global brands

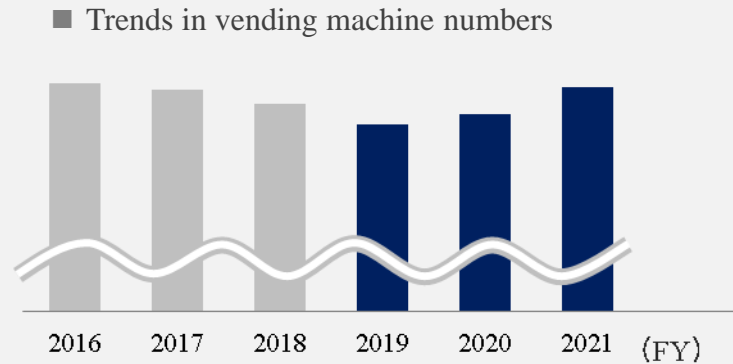
Strengthening and developing non-beverage segments

- Domestic Beverage (home shopping sales of supplements): Maximize sales of our core product “Locomo Pro” and develop another follow-on product
- Pharmaceutical-related: Raise plant utilization rates and further strengthen our quality control system
- Food: Create business opportunities in new sales channels and product categories
- Other: Develop our orphan drug business

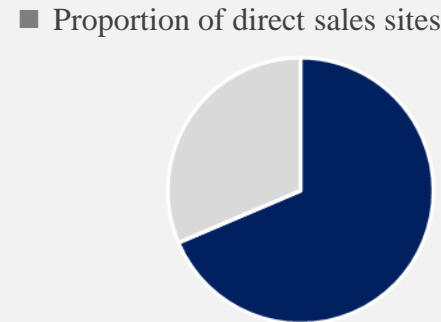
(1) Renewing growth in the Domestic Beverage Business/ Domestic Beverage Business

Result of the 2021 plan

Increased no. of vending machines (our sales base)



Developed smart operations to increase productivity



Improved ease of working by introducing new workstyles

- Introduction of remote working and flextime systems
- Introduction of second job system for employees/welcoming of second job applicants

Next step

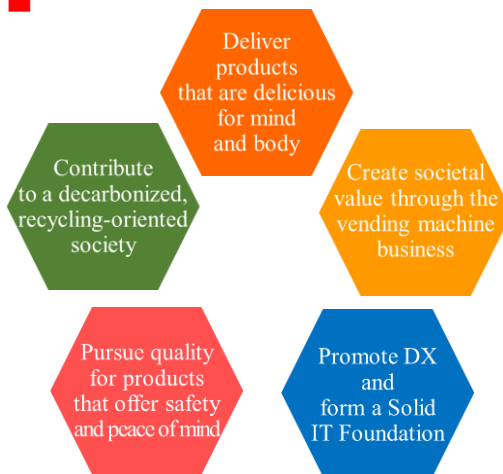
Maximizing per machine sales and the effectiveness (in terms of speed and scale) of our smart operations

the 2026 plan

Where, and what, we want to be

In the vending machine market, we will provide new value through constantly taking on challenges and co-creating and so continue to lead the industry

Material issues



Strategy

- Ensure a firm competitive advantage in the vending machine market
 - Expand the number of vending machines
 - Lengthen the average service life of vending machines
 - Quickly roll out smart operations to all direct sales and to the Kyoekai*
- Develop and provide delicious products for mind and body
- Investigate new business opportunities
- Develop personnel and our organization to promote business growth
- Help bring about a recycling-oriented society and reduce greenhouse gas emissions alongside growing our business

KPI	FY2026	
The number of vending machines	Compared to FY2021:	+5.5%
Sales per vending machine	Compared to FY2021:	+8%
Sales per person*	Compared to FY2021:	+20%

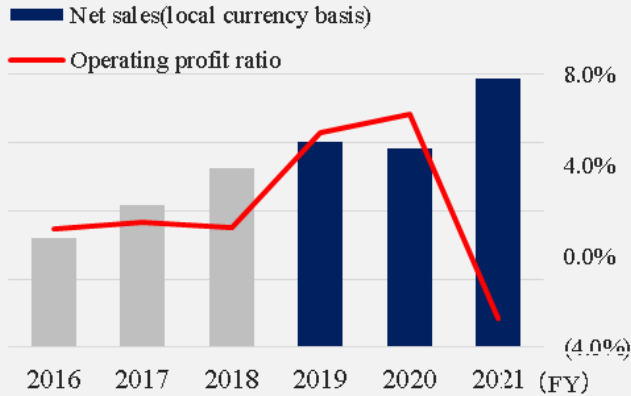
*A vending machine operations staff

*Vending machine operators in whom we have no capital investment relationship (in principle) and who are responsible for some DyDo vending machine operations, particularly in more rural areas

(2) Reformulating our international business strategies/ International Beverage Business

Result of the 2021 plan

Grew the Turkish business



Put in place an organizational structure for the Turkish business

- Construction of an original sales network with an eye on making the Turkish business a wholly owned subsidiary, which was completed in March 2021
- Integration and new construction of manufacturing plants (3 in northern Turkey, 2 in the south)
- Establishment of export bases (UK and Russia)

Began local production in the Chinese business

Withdrew from the Malaysian business

Next step

Reformulating our business model to allow us to respond to foreign exchange rate fluctuation risks and to rapid changes in consumer needs

Where, and what, we want to be

We will create global brands that support the health of people all over the world

Material issues



Strategy

- Expand and stabilize the Turkish business
 - Grow sales in Turkey and abroad, particularly by expanding the mineral water business (securing new water sources and establishing new plants)
 - Strengthen our resilience against foreign exchange rate fluctuations by increasing the role of exports in our business
- Steadily grow the Chinese business
 - Expand local manufacturing to grow sales and profits
 - Raise awareness of DyDo DRINCO's health brands in the Chinese-speaking region (including Hong Kong and Taiwan)
- Develop global health brands
 - Turkey: Develop new products within Europe that meet growing demand for mineral water and health products
 - Asia: Expand sales of sugar-free tea and the "DyDo Blend Series"

KPI		FY2021	FY2026
CAGR	Turkey		11%
	China		23%
Proportion of foreign sales in the Turkish business		9%	28%

the 2026 plan

(3) Strengthening and developing non-beverage segments / Home shopping sales of supplements (Domestic Beverage Business)

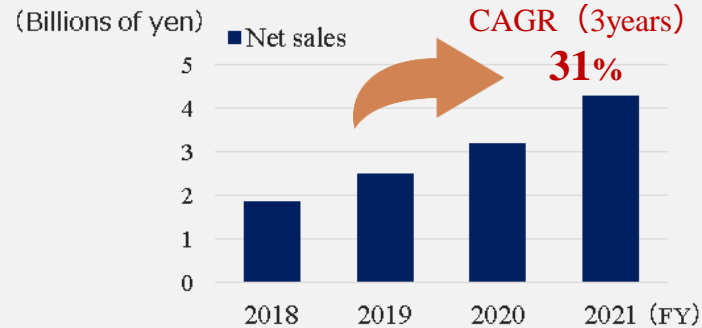


Result of the 2021 plan

Established a fixed position for our main driver, “Locomo Pro”



Maintained high growth since becoming profitable on a yearly basis in FY2018



*As home shopping sales of supplements are currently being developed by DyDo DRINCO, they belong to the Domestic Beverage Business segment for accounting purposes.

Next step

Maintain and expand the number of repeat customers and improve the effectiveness of our advertising in acquiring those customers

Where, and what, we want to be

We will continue to provide products and services that always exceed expectations as a close partner to health-conscious customer so they can treasure fulfilling lives after retirement

Material issues



Strategy

- Continuously improve the acquisition rate for repeat customers and satisfaction levels
 - Improve the Group’s understanding of our customers to enhance the effectiveness of our online and offline advertising, and continue to invest appropriately in advertising
 - Strengthen our CRM measures and improve our online store to increase satisfaction levels among repeat customers
- Develop products that give consideration to materials used and overall balance
 - Develop a follow-on product after “Locomo Pro”
- Evolve our fulfillment* capabilities based on our business strategies

*Receiving orders, processing payments, inventory management, logistics, and other processes up to after-sales follow-up. At DyDo DRINCO these are each outsourced

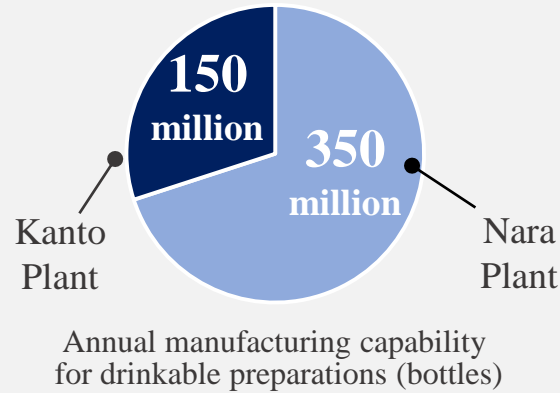
KPI	FY2026	
No. of active repeat customers	Compared to FY2021:	+ 110%

the 2026 plan

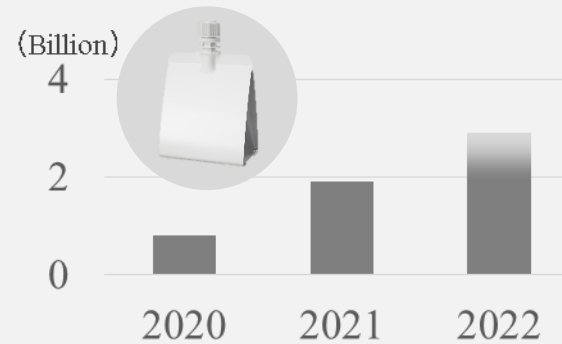
(3) Strengthening and developing non-beverage segments / Pharmaceutical-related Business

Result of the 2021 plan

Expanded production capabilities with the new Kanto Plant



Constructed new assembly lines for pouch containers at Nara Plant and received steady orders



Next step

Improve utilization rates and further strengthen the quality control system

Where, and what, we want to be

We will be the no. 1 contract manufacturer in the health and beauty field

Material issues



Strategy

- Raise utilization rates at Kanto Plant and strengthen our quality control system to establish a system with which we can achieve the industry's best high-quality, but mass-produced, products
 - Strengthen sales activities to secure large-lot orders and improve utilization rates at Kanto Plant
 - Begin full-scale operations at Kanto Plant and establish an optimized production system that includes Nara Plant
- Reformulate our revenue structure
 - Review sales and development methods to raise the number and percentage of products being launched
 - Reduce costs for materials bought in, and improve cost structure for manufacturing, sales, administrative, and other expenses
- Develop personnel
 - Hire and develop personnel to strengthen the management system
 - Develop the middle management that will be responsible for opening up new specialist fields
 - Establish an evaluation system that supports taking on the challenges of creating new products and dosage forms

KPI	FY2021	FY2026
Approximate number of contracts	320 million	400 million
Utilization rates	Compared to FY2021: Improvement *	

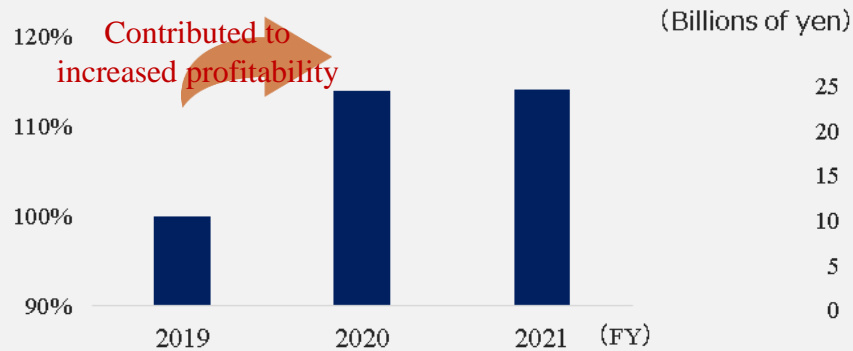
*The actual number isn't disclosed

the 2026 plan

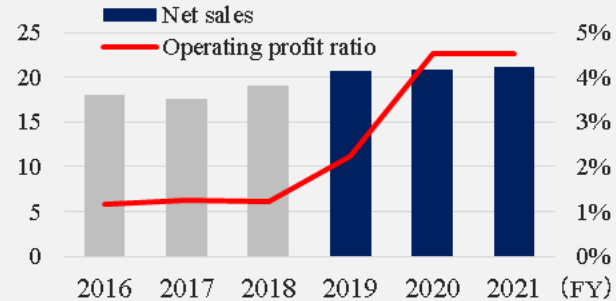
Result of the 2021 plan

Raised productivity at our plants

■ Trends in productivity (no. of products/work hours)



Improved profitability by conducting a multi-faceted review of tasks and costs



Developed new high-added-value products



Next step

Create business opportunities in new sales channels and product categories

Where, and what, we want to be

We will utilize our fruits and jellies to pursue great taste and health, to make people happy

Material issues



Strategy

- Ensure our business foundations are solid by continuously reviewing our production and supply systems
 - Raise manufacturing precision and reduce labor demands by updating equipment
 - Improve distribution efficiency to achieve stable supplies
 - Make our management of supply and demand more accurate
- Fiercely defend our top share and challenge ourselves to expand to new business sectors
 - Protect our top share of the dry jelly market by strengthening our ability to develop products
 - Acquire new sales channels by expanding into new product categories and strengthening our export business
 - Create demand in sectors related to fruits and jellies
- Develop personnel
 - Promote diverse working styles and tie that in to increased work efficiency
 - Utilize diverse personnel and support individual training

KPI	FY2021	FY2026
Units manufactured per hour	Compared to FY2021:	+15%
Product loss rate*	Compared to FY2021:	About half
Overseas sales ratio	5.8%	9.5%

*The actual number isn't disclosed

the 2026 plan

(3) Strengthening and developing non-beverage segments/ Orphan drug Business (Other)

Result of the 2021 plan

Acquired the rights to commercialize new drug discovery seeds in Japan



We have signed two license agreements

- DYD-701 : [LCAT-GMAC \(genetically modified human adipocyte of LCAT\)](#)
- DYD-301 : [Pharmaceutical for Treating Lambert-Eaton Myasthenic Syndrome](#)

Hired specialist personnel
Established an organizational structure



Next step

Acquire license agreements for new drug discovery seeds and receive approval to manufacture and sell DYD-701 and DYD-301

the 2026 plan

Where, and what, we want to be

We will produce medicines for patients suffering from orphan diseases for which there are currently no treatment options

Material issues



Strategy

- Make steady progress with developing the seeds of two new drugs (DYD-301 and DYD-701) in Japan and aim to receive approval to manufacture and sell them
- Aim to acquire license agreements in Japan for new orphan drug candidates seeds
- Establish an information-sharing systems that ensures the following for new drugs for which we have acquired manufacturing and sales approval: quality guarantees, stable supply, safety information gathering, and appropriate usage. Then we can offer them to medical institutions and patients

We aim to raise capital productivity and maintain a stable financial base

Financial discipline

ROIC
> WACC

Net cash position:
Maintain equity ratio
of around 50%

Investment capital

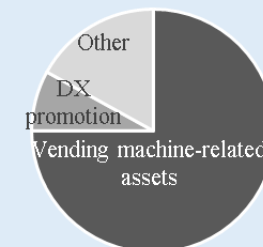
5-year accumulated
cash flows:
60 billion yen or more

Strategic investment for
M&A, etc.
Up to **2 years'** worth
of operating cash flow

Capital allocation

Focused reinvestment to ensure a competitive advantage in the vending machine business:

- Vending machine-related assets
About 42 billion yen
- DX promotion (updates to core systems)
About 4.5 billion yen
- Other equipment investment, etc.
About 9 billion yen



For shareholders, we aim to maintain stable dividend payouts and as performance improves, become able to raise dividends

Our strategic investment aimed at dramatic growth involves making appropriate investment decisions on a case-by-case basis



Reference documents for the 47th Annual General Meeting of Shareholders

Proposal 1: Allocation of Retained Earnings

To ensure stable returns for shareholders, we will be paying a 30-yen dividend for each share at the end of the half-year (annual per share dividend of 60 yen)

Profit attributable to owners of parent (3,974 million yen)	Interim dividend: 30 yen per share (476 million yen)
	End-of-year dividend: 30 yen per share (476 million yen)
	Local Community Contribution Fund (100 million yen)
	Retained earnings brought forward (2,920 million yen)

Ensuring stable returns for shareholders

Contributing to local communities on an ongoing basis

Creating an internal reserve to support future strategic investment

FY2021 social contribution activities that use our Local Community Support Fund



Received an award in the large company category at the Eleventh Career Education Awards, held by the Ministry of Economy, Trade and Industry

Dan'iku (Dance Education) Career Education Program

- Contributions to the Hatachi Fund
- Development of “Kizuna” Tohoku revitalization fundraising vending machines
- Implementation of the Dan'iku Tohoku Dance Project
- Running of the Dan'iku Parent-Child Hip-Hop Classes in Fukushima
- Operation of the Dan'iku Dance at Home Challenge
- Distribution of paper craft vending machine kits

And others

Proposal 2: Partial Amendment of the Articles of Incorporation

In response to the implementation by the government of amendments to the first supplementary provision of the Act Partially Amending the Companies Act (Act No. 70 of 2019), we will introduce a system that will provide reference documents for the general meeting of shareholders electronically, and to that end we will amend part of the Articles of Incorporation

*To be carried out on September 1, 2022

Current Articles of Incorporation text	Proposed change
<p><u>Deemed provision of reference documents for the general meeting of shareholders by Internet-based disclosure</u> <u>Article 17. The Company shall be able to deem shareholders provided with the information required to be stated or displayed in the reference documents for the general meeting of shareholders, the business report, the financial statements, and the consolidated financial statements, by disclosure thereof through a method that involves the use of the Internet in accordance with the prescriptions of the Ministry of Justice.</u></p>	<p>Deleted</p>
<p>New text</p>	<p><u>Measures to provide reference documents for the general meeting of shareholders electronically</u> <u>Article 17. When the Company convenes the general meeting of shareholders, it will provide reference documents and other required data electronically.</u> <u>2. Concerning information to be provided electronically in line with Ministry of Justice regulations, the Company rules it unnecessary to include some information—in whole or in part—in response to requests for information from shareholders.</u></p>
<p>New text</p>	<p><u>Supplementary Provisions</u></p> <p><u>Article 1. The deletion of the pre-amendment Article 17 and the introduction of the new, post-amendment Article 17, will come into effect on the date of implementation of amendments to the first supplementary provision of the Act Partially Amending the Companies Act (Act No. 70 of 2019)—hereafter “implementation date.”</u> <u>2. From the implementation date, the following will become our new regulations. Six months from the implementation date, or three months from the last general meeting of shareholders within six months of the implementation date—whichever falls later—the regulations will come into effect.</u> <u>The Company shall be able to deem shareholders provided with the information required to be stated or displayed in the reference documents for the general meeting of shareholders, the business report, the financial statements, and the consolidated financial statements, by disclosure thereof through a method that involves the use of the Internet in accordance with the prescriptions of the Ministry of Justice.</u> <u>3. This provision will be deleted on the later of the two dates detailed in the previous clause.</u></p>



Proposal 3: Election of Seven (7) Directors

Director candidates to be put forward at the 47th Annual General Meeting of Shareholders

Name	Profile (top) and reason for nomination (bottom)	
 <p>Reappointment</p> <p>Currently: President and representative director Tomiya Takamatsu (Date of birth: June 26, 1976)</p> <p>Company shares owned: 495,000</p>	<p>April 2004: Joined the Company. April 2008: Appointed Director at the Company. April 2009: Appointed Managing Director at the Company. March 2010: Appointed Executive Director at the Company. April 2012: Appointed Vice President and Director at the Company. April 2014: Appointed President and Representative Director at the Company (his current position). February 2016: President and Representative Director, DyDo DRINCO Split Preparation Co., Ltd. (currently DyDo DRINCE, INC.)</p>	<p>Board of Directors meetings attended: 18 of 18</p>
 <p>Reappointment</p> <p>Currently: Director, Executive Officer Naoki Tonokatsu Executive Officer and General Manager, Finance Department (Date of birth: November 4, 1963)</p> <p>Company shares owned: 3,100</p>	<p>March 1986: Joined the Company. January 2011: Appointed General Manager of the Financial Affairs Department. March 2013: Appointed Executive Officer and Division Director of the Administrative Division. January 2014: Appointed Executive Officer and Division Director of the Finance Division. January 2017: Appointed Executive Officer and General Manager of the Finance Department (his current position). April 2017: Appointed Director, Executive Officer, and Division Director of the Finance Division (his current position).</p>	<p>Board of Directors meetings attended: 18 of 18</p>
	<p>Since his appointment to the position of president in April 2014, Mr. Takamatsu has demonstrated strong leadership by managing the Company with rapid, decisive decision-making in line with its medium- and long-term management posture based on the perspective of all stakeholders and in keeping with the newly formulated Group Philosophy and Group Vision. He has been steadily working to build business foundations geared to achieving growth in the future which has involved strengthening the Group's management. Based on this proven track record, he has been selected as a candidate for continued service on the Board of Directors.</p>	
	<p>Since joining the Company, Mr. Tonokatsu has engaged in finance for many years and has extensive experience and achievements. Currently, as the Director, Corporate Officer, and General Manager of Finance Department, he is putting effort into sound company management such as by Building a solid structure for the entire Group's financial base and contributing to improving profitability. Based on this proven track record, he has been put forward as a candidate for continued service on the Board of Directors.</p>	



Proposal 3: Election of Seven (7) Directors

Director candidates to be put forward at the 47th Annual General Meeting of Shareholders

Name	Profile (top) and reason for nomination (bottom)	
 <p>Reappointment</p> <p>Currently: Director, Executive Officer Naoyuki Nishiyama Executive Officer and General Manager, Corporate Strategy Department (Date of birth: July 30, 1965)</p> <p>Company shares owned: 200</p>	<p>March 1988: Joined the company. January 2014: Appointed General Manager of the Corporate Strategy Department. February 2014: Appointed General Manager of the Corporate Strategy Department and General Manager of the International Business Department. March 2015: Appointed Executive Officer, General Manager of the Corporate Strategy Department, and General Manager of the International Business Department. January 2016: Appointed Executive Officer, General Manager of the Corporate Strategy Department, and General Manager of the Strategic Investment Department. January 2017: Appointed Executive Officer and General Manager of the Corporate Strategy Department. April 2017: Appointed Director, Executive Officer, and General Manager of the Corporate Strategy Department (his current position).</p>	<p>Board of Directors meetings attended: 18 of 18</p>
 <p>Reappointment</p> <p>Independent</p> <p>Outside</p> <p>Currently: Outside director Shinji Mori (Date of birth: May 22, 1946)</p> <p>Company shares owned: 100</p>	<p>April 1972: Joined the Supreme Court Legal Training and Research Institute. April 1974: Appointed to serve as a judge on the Yokohama District Court. April 1986: Became a judge on the Kyoto District Court. May 1989: Registered as a member of the Osaka Bar Association. May 1989: Joined Chuo Sogo Law Office (currently Chuo Sogo Law Office, P. C.) April 2001: Appointed Outside Corporate Auditor of the Company. September 2003: Senior Partner, Chuo Sogo Law Office, P. C. (incumbent) April 2014: Appointed External Director of the Company (his current position).</p>	<p>Board of Directors meetings attended: 17 of 18</p>
<p>Mr. Mori has extensive experience and an advanced level of specialized knowledge as an attorney, and he has served the Company as an Outside Corporate Auditor and an Outside Director. Based on that experience, he is appropriately carrying out his role in strengthening the oversight function of the Board of Directors by commenting on the Company-wide approach to risk management, and otherwise offering advice and suggestions as to the Company's management from an independent perspective. Based on this proven track record, he has been selected as a candidate for continued service on the Board of Directors as an Outside Director.</p> <p>Although Mr. Mori has not been involved in corporate management in a manner other than that of being an outside director/corporate auditor of the Company and other companies in the past, the Company has judged that he will be able to appropriately carry out his duties as Outside Director for the above reasons.</p>		

Proposal 3: Election of Seven (7) Directors

Director candidates to be put forward at the 47th Annual General Meeting of Shareholders

Name	Profile (top) and reason for nomination (bottom)	
 <p>Reappointment</p> <p>Independent</p> <p>Outside</p> <p>Currently: Outside director Masataka Inoue (Date of birth: October 12, 1954)</p> <p>Company shares owned: None</p>	<p>April 1978: Joined Nakano Sumise Co., Ltd. July 2005: Appointed Director at Mizkan Holdings Co., Ltd. May 2007: Appointed Managing Director at Mizkan Holdings Co., Ltd. October 2009: Appointed Standing Auditor at Mizkan Holdings Co., Ltd. March 2011: Appointed Divisional Manager in charge of the Management Auditing Office at Mizkan Holdings Co., Ltd. March 2014: Appointed Divisional Manager in charge of the Business Planning Division at Mizkan Holdings Co., Ltd. March 2016: Retired from Mizkan Holdings Co., Ltd. April 2016: Appointed Outside Director of the Company (his current position).</p>	<p>Board of Directors meetings attended: 18 of 18</p>
 <p>Reappointment</p> <p>Independent</p> <p>Outside</p> <p>Currently: External director Michiaki Kurihara (Date of birth: October 1, 1953)</p> <p>Company shares owned: None</p>	<p>April 1982: Joined Fujisawa Pharmaceutical Co., Ltd., (currently Astellas Pharma Inc.). October 2004: Deputy Division Manager, Sales Division, Fujisawa Pharmaceutical Co., Ltd. April 2006: General Manager, Asia Business Planning Department, Business Strategy Division, Astellas Pharma Inc. (With concurrent service as President, Astellas Hong Kong; Representative, Astellas China; director, Astellas Korea; and Director, Astellas Thailand) April 2009: General Manager, Marketing Promotion Department, Asia Division, Santen Pharmaceutical Co., Ltd. June 2010: Vice President and Director, Santen Pharmaceutical Korea Co., Ltd. November 2013: Joined IMS Japan Co, Ltd., (currently IQVIA Solutions Japan K.K.) General Manager, Planning and Public Relations Department (current position) April 2021: Appointed External Director of the Company (his current position).</p>	<p>Board of Directors meetings attended: 13 of 13</p>
<p>Mr. Kurihara fulfills an important role of strengthening the Board of Directors' oversight function by offering advice and recommendations from an independent perspective concerning the company's development of its business overseas and the development of a second major source of revenue in the healthcare domain (both of which are key issues in the company's management) based on his extensive expertise and experience in the pharmaceutical industry, his experience in the domestic pharmaceutical business, and his managerial experience at an overseas subsidiary of a Japanese pharmaceutical manufacturer. Based on this proven track record, he has been selected as a candidate for continued service on the Board of Directors as an Outside Director.</p>		

Proposal 3: Election of Seven (7) Directors

Director candidates to be put forward at the 47th Annual General Meeting of Shareholders

Name	Profile (top) and reason for nomination (bottom)	
 <p data-bbox="443 386 708 448">New appointment</p> <p data-bbox="443 468 639 519">Independent</p> <p data-bbox="443 534 580 591">Outside</p> <p data-bbox="443 629 703 668">Junko Kawano</p> <p data-bbox="443 711 703 743">(September 30, 1963)</p> <p data-bbox="639 782 930 843">Company shares owned: None</p>	<p data-bbox="963 362 1105 391">April 1986:</p> <p data-bbox="963 398 1131 426">January 1997:</p> <p data-bbox="963 434 1105 462">April 2006:</p> <p data-bbox="963 469 1105 498">July 2008:</p> <p data-bbox="963 505 1105 534">April 2013:</p> <p data-bbox="963 541 1105 569">June 2017:</p> <p data-bbox="963 576 1105 605">April 2018:</p> <p data-bbox="963 612 1166 641">September 2019:</p> <p data-bbox="963 648 1105 676">April 2020:</p> <p data-bbox="963 684 1105 712">June 2021:</p> <p data-bbox="963 719 1166 748">December 2021:</p> <p data-bbox="1179 362 2193 743"> Joined Recruit Co., Ltd. Editor-in-chief of Recruit’s Travail recruitment information magazine Team Leader of Recruit’s Women’s Life and Career Research Team (concurrent role) Joined Sumitomo Corporation Director at Japan Active Solutions (concurrent role) Left Japan Active Solutions Established Kawano Junko Office (incumbent) Joined the School Board at Tokyo International Progressive School (incumbent) Senior Researcher at the Keio Research Institute at SFC (incumbent) Outside Director at Joshin Denki Co., Ltd. (incumbent) Director and Chief Marketing Officer at Life Shift Japan Co., Ltd. (incumbent) </p>	<p data-bbox="2339 548 2372 562">—</p>
<p data-bbox="963 801 2423 968"> Ms. Kawano has extensive knowledge and experience of human resources development, related to such topics as revolutionizing organizational cultures to focus on customer value or promoting female participation. She is able to offer advice and suggestions from an independent perspective regarding how to promote human resources strategies and diversity, which are the foundation of the Group’s sustainability-focused management. The Company has judged that she will be able to further strengthen the oversight function of the Board of Directors for these reasons. </p>		

Corporate auditor candidate to be put forward at the 47th Annual General Meeting of Shareholders

Name	Profile (top) and reason for nomination (bottom)	
<div data-bbox="206 404 440 668" data-label="Image"> </div> <div data-bbox="453 396 708 451" data-label="Text"> <p>Reappointment</p> </div> <div data-bbox="453 465 614 519" data-label="Text"> <p>Outside</p> </div> <p data-bbox="479 644 690 682">Sachie Kato</p> <p data-bbox="466 722 728 761">(November 11, 1946)</p> <p data-bbox="639 796 932 858">Company shares owned: 100</p>	<p data-bbox="963 518 1913 651"> April 1969: Joined the Legal Training and Research Institute of Japan April 1971: Public Prosecutor at the Tokyo District Public Prosecutors Office May 1974: Registered as a member of the Osaka Bar Association April 2014: Corporate Auditor, the Company (incumbent) </p>	<p data-bbox="2275 358 2397 539">Board of Directors meetings attended: 18 of 18</p> <p data-bbox="2275 586 2397 808">Board of Corporate Auditors meetings attended: 13 of 14</p>
<p data-bbox="963 868 2423 1001">Ms. Kato has many years of experience as an attorney, and a high degree of discernment as a legal specialist. Between this and her deep level of expertise of corporate management, in regards to legal issues at several companies, she is able to bring a highly independent, broad perspective to her role of auditing the Company. Based on this proven track record, she has been selected as a candidate so as to continue in her position as an Outside Corporate Auditor.</p>		

Proposal 5: Continuation and Partial Amendment of the Performance-based Stock Compensation System for Directors

Partial change to the trusted performance-based stock compensation system going forward

Aim of the system

- To help raise awareness among directors of their contribution to sustainable growth and medium- to long-term improvements to corporate growth

Main changes

- New upper limit for the number of company shares that can be acquired, set by trustees: 110,000 points per set period
- New upper limit for the number of company shares granted: 110,000 per set period

System overview

Shares in the company will be given as bonuses depending on the degree of achievement of performance targets

- Applies to:

Directors and corporate officers (excl. outside directors) at the companies below

- DyDo Group Holdings, Inc.
- DyDo DRINCO, Inc.
- DAIDO Pharmaceutical Corporation (*DAIDO Yakuhin*)
- Tarami Corporation

- Method for calculating shares to be granted

$\text{No. of bonus shares} = \text{basic points attributable to position} \\ \text{multiplied by a performance-based coefficient}$

- One point can be exchanged for a single ordinary share in the company
- The performance-based coefficient takes into account consolidated sales and consolidated operating profit

*FY2026, the final year of Mid-term Business Plan 2026, will also include extent of achievement toward the plan

Proposal 6: Determination of Restricted-stock-based Compensation Granted to Directors

We plan to newly introduce restricted-stock-based compensation and set a compensation frame for directors that is separate to the upper limit to other directors' compensation

Aim of the system

- To help raise awareness among directors of their contribution to sustainable growth and medium- to long-term improvements to corporate growth
- To promote further sharing of value with all shareholders

For more information on the management compensation we plan on implementing if Proposal 5 and Proposal 6 are approved, please see [page.46](#)

System overview

In order to award company shares (restricted stock), we will grant them in the form of compensation

- Applies to:

Directors and corporate officers (excl. outside directors) at the companies below

- DyDo Group Holdings, Inc.
 - DyDo DRINCO, Inc.
 - DAIDO Pharmaceutical Corporation (DAIDO *Yakuhin*)
 - Tarami Corporation
-
- Upper limit for the cash value of restricted stock: 100 million yen per annum
 - Upper limit for the no. of shares granted: 10,000 shares per annum
 - Restricted stock period: Until the day the director or other member of management leaves their position