



# **FY2022 (Year Ending January 20, 2023) 1st Quarter Financial Highlights**

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**DyDo Group Holdings, Inc.**

**(Prime Market of the Tokyo Stock Exchange: 2590)**

**May 26, 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
<b>Distribution rebate</b>
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 Group Mission 2030 / Mid-term Business Plan 2026

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## 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.

# 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.

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**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\*<sup>1</sup>)

We will aim to make emissions (Scope 1 and 2)  
by the Domestic Beverage Business\*<sup>2</sup>

**carbon neutral by 2030**

We will aim to cut CO<sub>2</sub> emissions (Scope 1 and 2) for major Japanese group subsidiaries\*<sup>3</sup> by half\*<sup>4</sup> 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 CO<sub>2</sub> emissions produced by vending machines operated by DyDo Beverage Service (Scope 3)

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

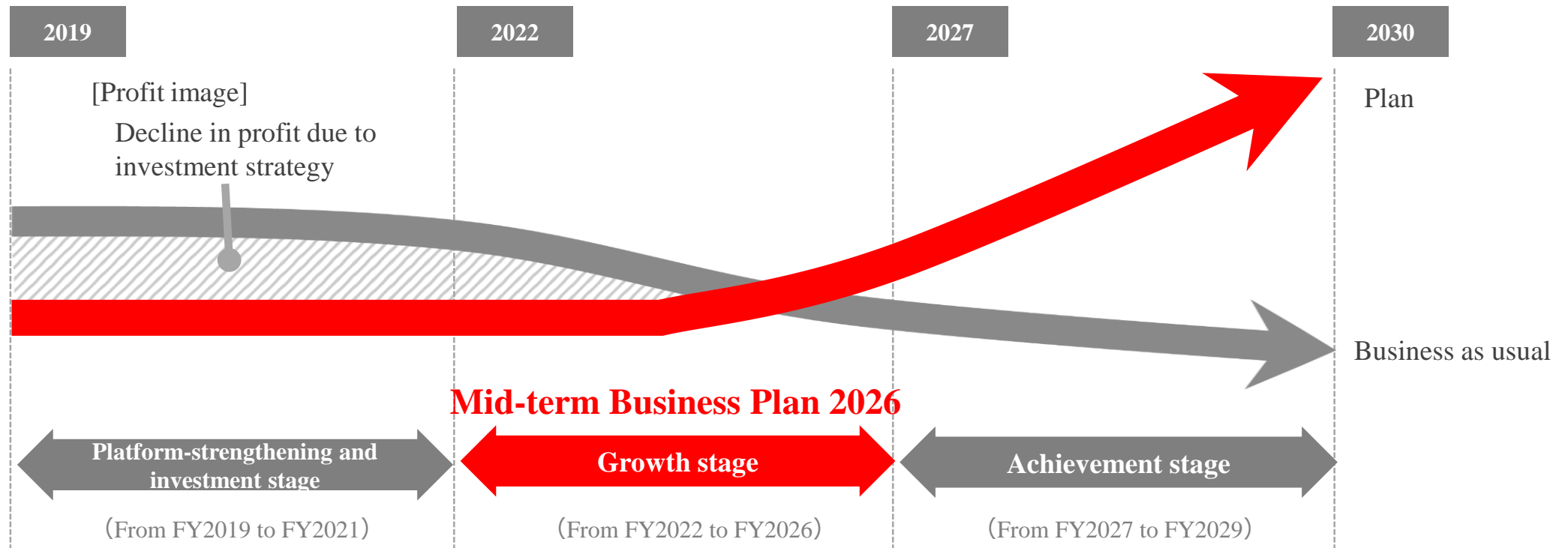
\*3 DyDo DRINCO, DyDo Beverage Service, and DyDo Business Service, DAIDOYakuhin, TARAMI corporation

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

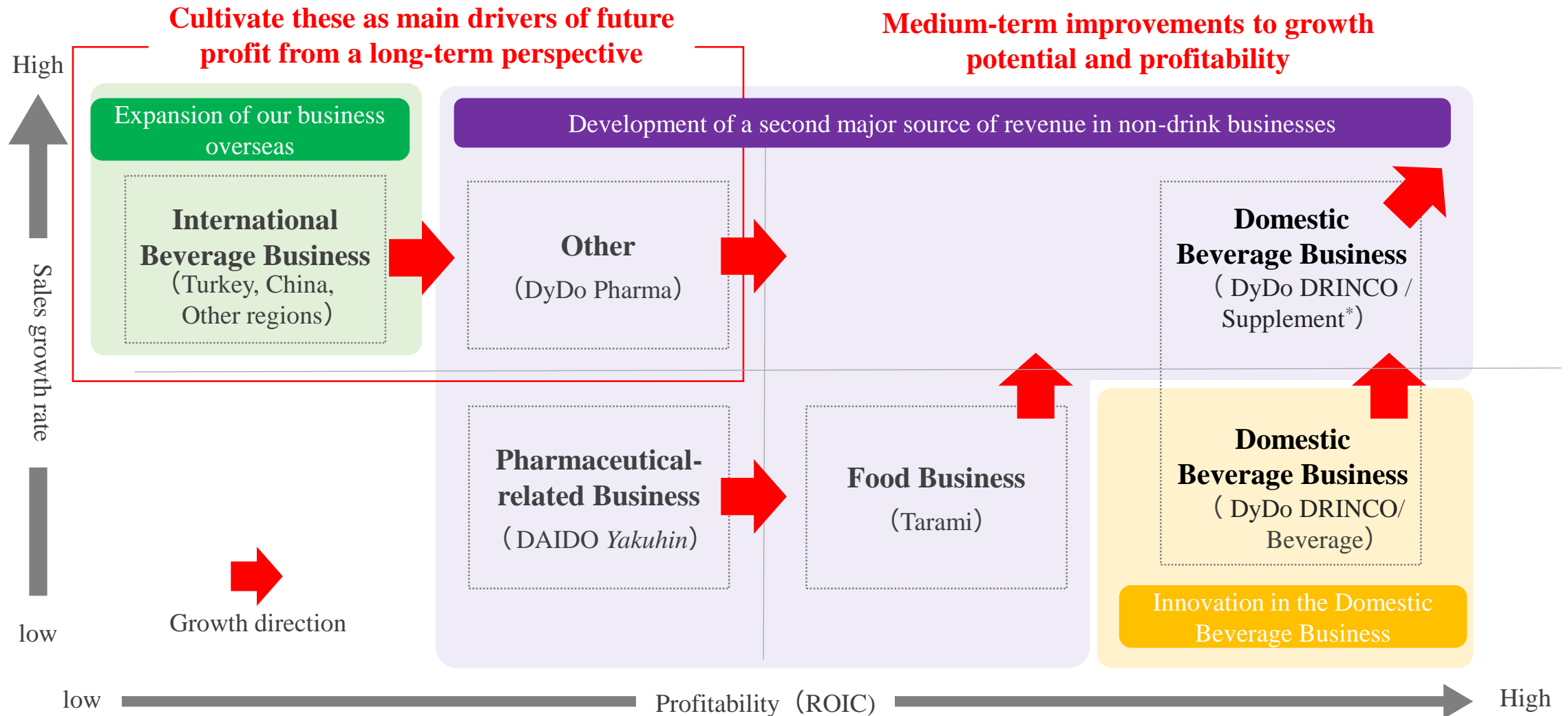


## Promoting three basic policies as we move toward the Achievement Stage

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

\*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

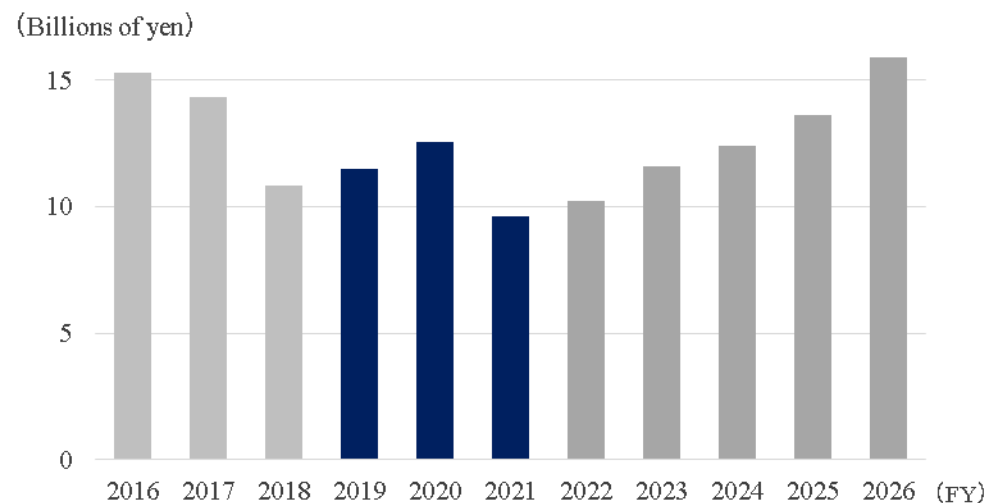
**4%**

Consolidated ROIC

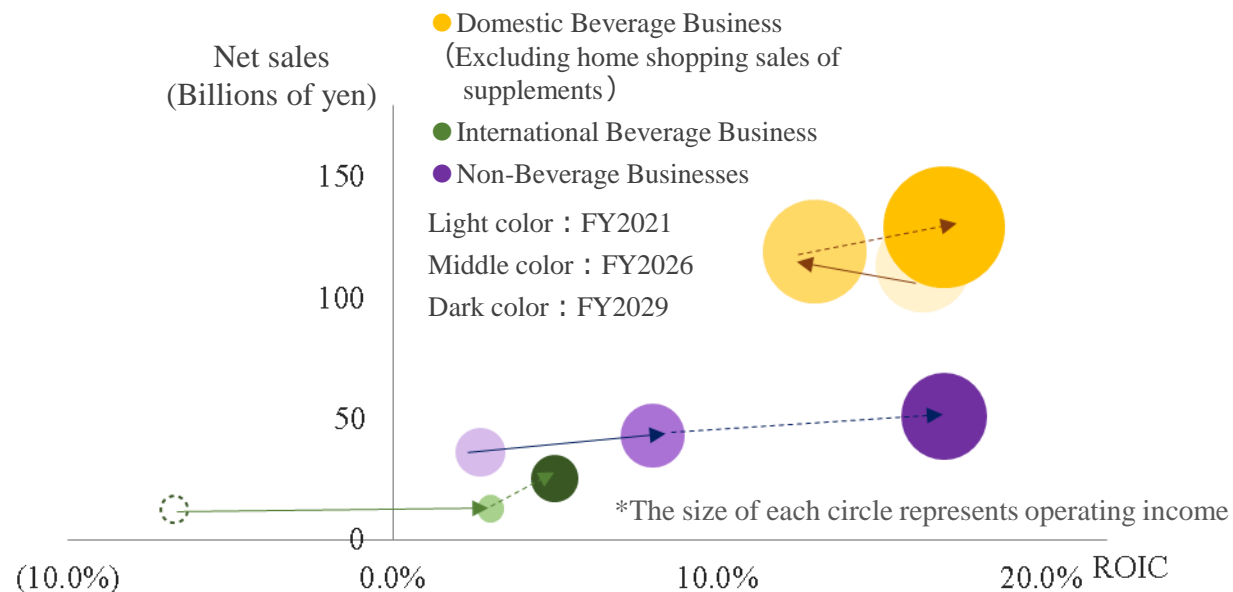
\* Invested capital is the amount put into in the business segments

**6%**

## Trends in cash flows from operating activities



## Growth image





## **02 FY2022 (Year Ending January 20, 2023) 1st Quarter Financial Highlights**

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# Overview of Consolidated Financial Results for FY2022 1st Quarter



While sales performance in the Domestic Beverage Business was tough, the International Beverage Business saw greatly improved revenue in Turkey and China

The Pharmaceutical-related Business received a larger number of orders for its pouch products, and the Food Business saw positive sales growth due to an increase in household demand and other factors

Manufacturing cost prices have risen greatly due to a dramatic increase in raw material and energy costs in all segments

Millions of yen

	1st quarter (Jan.21-Apr.20)						Full year					
	FY2021		FY2022				FY2021		FY2022(Forecast)			
		Component ratio		Component ratio	% (YoY)	Amount (YoY)		Component ratio		Component ratio	% (YoY)	Amount (YoY)
Net sales	36,150	100.0%	<b>34,795</b>	100.0%	—	—	162,602	100.0%	<b>156,000</b>	100.0%	—	—
Ref : The conventional standard			<b>37,042</b>		2.5%	891			<b>166,500</b>		2.4%	3,897
		Difference	<b>2,246</b>					Difference	<b>10,500</b>			
Operating profit	426	1.2%	<b>(692)</b>	(2.0%)	—	(1,119)	4,581	2.8%	<b>3,300</b>	2.1%	(28.0%)	(1,281)
Ordinary profit	400	1.1%	<b>(585)</b>	(1.7%)	—	(985)	5,651	3.5%	<b>3,700</b>	2.4%	(34.5%)	(1,951)
Profit attributable to owners of parent	229	0.6%	<b>(857)</b>	(2.5%)	—	(1,087)	3,974	2.4%	<b>2,200</b>	1.4%	(44.6%)	(1,774)
EPS	14.72yen		<b>(54.78yen)</b>			(69.50yen)	254.20yen		<b>140.56yen</b>			(113.64yen)

# FY2022 1st Quarter Consolidated Earnings (by Segment)



In the Domestic Beverage Business, the profit/loss balance was affected by a decrease in the number of sales and a dramatic increase in cost prices. The Food Business was able to offset rising cost prices due to greater sales and so secured increased profit. The International Beverage Business and the Pharmaceutical-related Business achieved higher revenue but reduced profits due to an increase in manufacturing cost prices.

Millions of yen

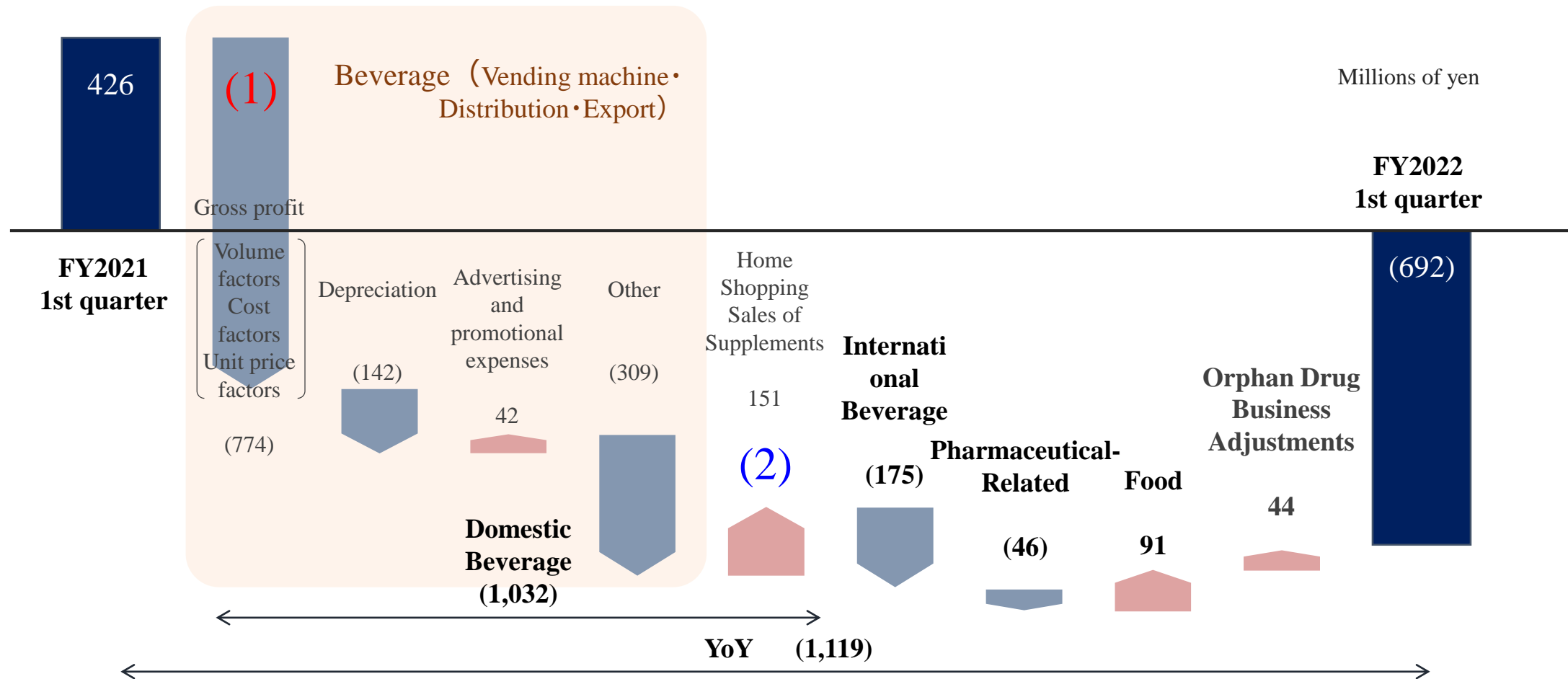
	1st quarter(Jan.21-Apr.20)							Full year							
	FY2021	FY2022		Ref : The conventional standard			FY2021 Result	FY2022		Ref : The conventional standard					
		% (YoY)	Amount (YoY)	% (YoY)	Amount (YoY)	Forecast		% (YoY)	Amount (YoY)	Impact on performance*	% (YoY)	Amount (YoY)			
Domestic Beverage Business	26,923	<b>24,773</b>	—	—	<b>26,509</b>	(1.5%)	(413)	118,080	<b>116,900</b>	—	—	8,200	<b>125,100</b>	5.9%	7,019
International Beverage Business	2,366	<b>2,992</b>	—	—	<b>2,992</b>	26.4%	625	12,777	<b>9,200</b>	—	—	—	<b>9,200</b>	(28.0%)	(3,577)
Pharmaceutical-related Business	2,693	<b>2,851</b>	—	—	<b>2,894</b>	7.4%	200	11,133	<b>11,500</b>	—	—	150	<b>11,650</b>	4.6%	516
Food Business	4,293	<b>4,312</b>	—	—	<b>4,780</b>	11.3%	486	21,165	<b>19,000</b>	—	—	2,150	<b>21,150</b>	(0.1%)	(15)
Orphan Drug Business	—	<b>—</b>	—	—	<b>—</b>	—	—	—	<b>—</b>	—	—	—	<b>—</b>	—	—
Adjustment	(126)	<b>(134)</b>	—	—	(134)	—	(7)	(553)	<b>(600)</b>	—	—	—	<b>(600)</b>	—	(46)
Total net sales	36,150	<b>34,795</b>	—	—	37,042	2.5%	891	162,602	<b>156,000</b>	—	—	10,500	166,500	2.4%	3,897
Domestic Beverage Business	707	<b>(325)</b>	—	△1,032				6,267	<b>5,950</b>	(5.1%)	(317)				
International Beverage Business	(30)	<b>(205)</b>	—	△175				(528)	<b>(100)</b>	—	428				
Pharmaceutical-related Business	17	<b>(28)</b>	—	△46				(19)	<b>50</b>	—	69				
Food Business	143	<b>234</b>	63.8%	91				959	<b>700</b>	(27.0%)	(259)				
Orphan Drug Business	(44)	<b>(96)</b>	—	△51				(573)	<b>(1,000)</b>	—	(426)				
Adjustment	(367)	<b>(270)</b>	—	96				(1,524)	<b>(2,300)</b>	—	(775)				
Total net sales	426	<b>(692)</b>	—	△1,119				4,581	<b>3,300</b>	(28.0%)	(1,281)				

\*Increase/decrease from before applies revenue recognition method. Because the local accounting applies IFRS, no impact from them at the International Beverage Business

# Factors Contributing to Changes in Operating Profit in FY2022 1st Quarter

In the Domestic Beverage Business, while we were able to improve unit selling prices, we could not fully offset dramatic increases in cost prices resulting from struggling sales volumes (1)

In home shopping sales of supplements, we controlled advertising expenses for increased profits (2)



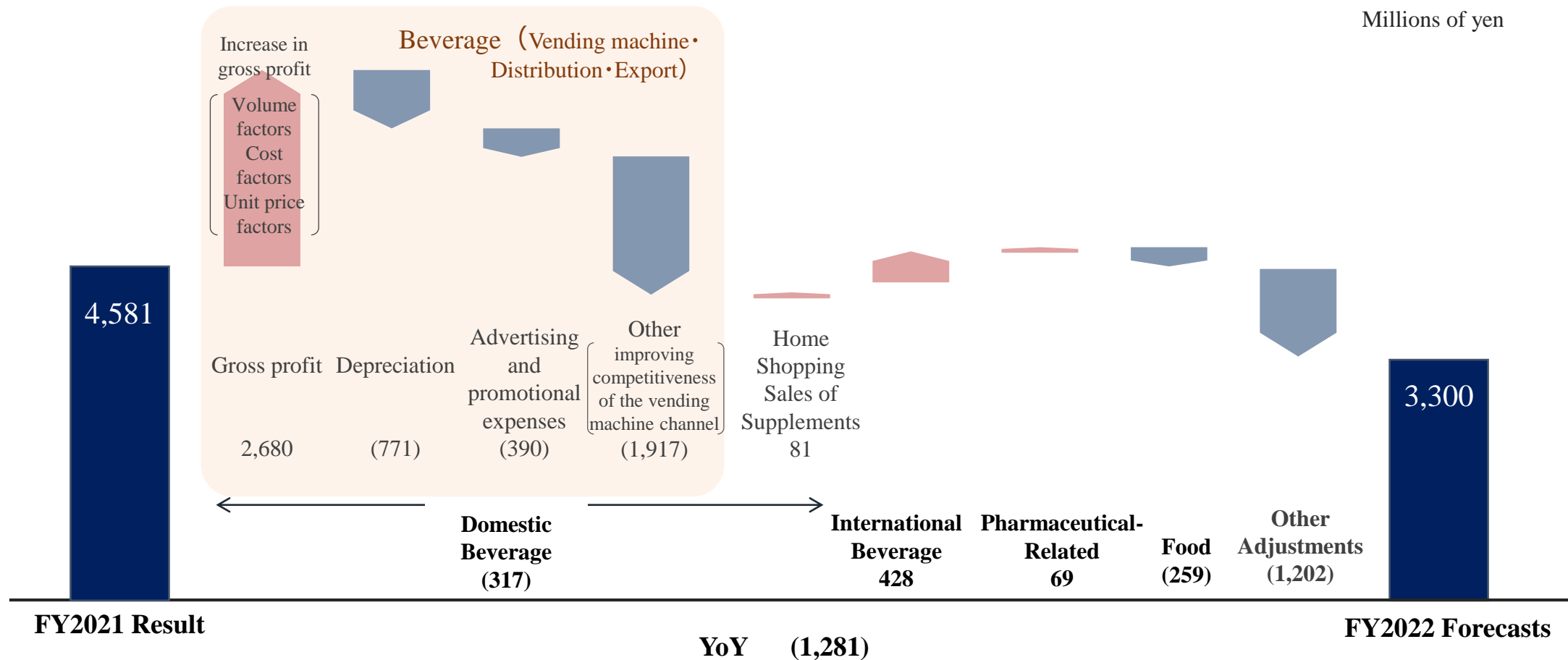


# FY2022 Consolidated Full-year Performance Outlook Factors Contributing to Changes in Operating Profit: Compared to the Previous Year



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



# Business Risks (1) (incl. dramatic rises in raw material and energy costs, the COVID-19 pandemic, and other factors)



**We predict that costs will be higher than forecast at the beginning of the fiscal year due to changing global circumstances. We will take measures to change prices and absorb costs in response to market trends.**

	1Q Overview	Major Future Factors
Domestic Beverage Business	<ul style="list-style-type: none"> <li>Sales for the first quarter of fiscal 2022 have not yet recovered to pre-pandemic levels.</li> <li>The dramatic increase in raw materials costs and rising logistics costs are having a major effect on the revenue and profit structures of companies throughout the beverage industry. In the distribution market, we are seeing fierce sales promotion competition as companies look to secure sales, while in the vending machine market the existing trend toward a limited number of companies dominating the market has gained pace.</li> <li>Our business performance is now in a place where revenue and profits will be challenging to secure due to reduced sales, as well as dramatic cost rises for coffee beans and other items.</li> </ul>	<ul style="list-style-type: none"> <li>As people begin to move around once more, we might expect sales to recover, but the future is still unclear.</li> <li>Due to factors such as jumps in the cost of crude oil and other resources, as well as the rapid weakening of the Japanese yen, we suppose the cost of raw materials—such as those used for containers and packaging—could reach about double our forecasts at the beginning of the fiscal year. Therefore, we will pay close attention to what direction the market takes and will take appropriate countermeasures, such as revising prices.</li> </ul>
International Beverage Business	<ul style="list-style-type: none"> <li>In the Turkish beverage business, the lira continues to weaken in relation to the US dollar. Moreover, Turkey is facing hyperinflation, and costs involved with importing raw materials and with energy have rocketed. These and other factors mean that the business environment surrounding the Turkish beverage business has become severe. We actively raised the price of each of our stock keeping units continually to secure greatly improved revenue, but this was not enough to cover dramatic and wide-ranging increases in raw material costs—such as those related to plastic bottles—and logistics costs.</li> <li>The Chinese business, meanwhile, saw positive sales growth of its Barley Tea and other locally produced products, for strong revenue and profits.</li> </ul>	<ul style="list-style-type: none"> <li>In the Turkish business, dramatic increases in raw material costs, and the continuation of a punishing exchange rate, look likely. In particular, the war in Ukraine has elevated fuel costs, which has a major impact on our logistics costs. We predict that this, coupled with hyperinflation, will lead to rising costs for a range of items.</li> <li>As the amount of working capital has increased due to inflation, the weakening of the lira, and rising crude oil costs, we will need to act in regard to our Turkish subsidiary's cash reserves.</li> <li>There are worries that the extension of the lockdown in Shanghai will impact on our Chinese business.</li> </ul>

# Business Risks (2) (incl. dramatic rises in raw material and energy costs, the COVID-19 pandemic, and other factors)



	1Q Overview	Major Future Factors
Pharmaceutical-related Business	<ul style="list-style-type: none"><li>In addition to the trend for comparatively strong orders for drinkable preparations, orders for pouch products grew, meaning sales trended upward. The profit/loss balance was affected by a dramatic increase in raw material costs, and an increase in fixed manufacturing costs.</li></ul>	<ul style="list-style-type: none"><li>We expect the current upward trends in terms of raw materials costs—such as for containers and packaging—and energy bills related to factory operations to continue.</li><li>There are worries that the extension of the lockdown in Shanghai will impact on the number of orders we receive for products aimed at the Chinese market.</li></ul>
Food Business	<ul style="list-style-type: none"><li>With further waves of the pandemic, demand for food for those recuperating at home has grown, and sales of fruit jellies have been strong.</li><li>Expanded sales meant we were able to absorb increased costs associated with sugars and other raw materials, so we secured improved profits.</li></ul>	<ul style="list-style-type: none"><li>Sales exceeded expectations, and so to minimize the risk of running out of stock as we approach our busiest period, we will need to take action to improve manufacturing efficiency.</li><li>We expect the current upward trends in terms of the cost of fruit, raw materials costs—such as for containers and packaging—and energy bills related to factory operations to continue.</li></ul>



## 03 Segment Overview

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

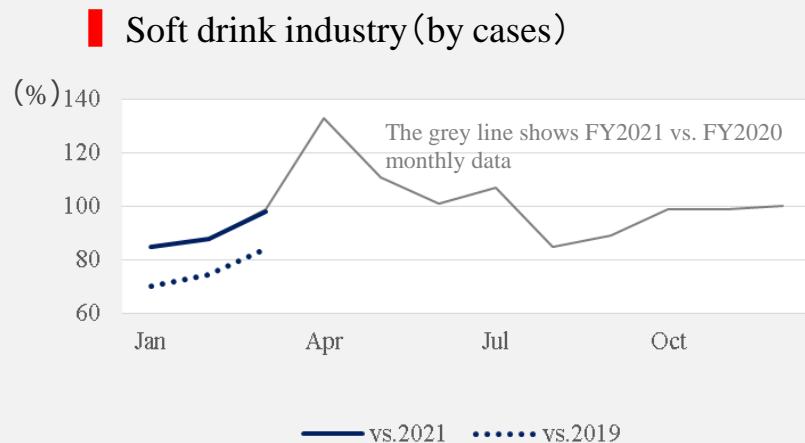


Increase in new locations

Improve sales potential of each location

Curb removals from good sites

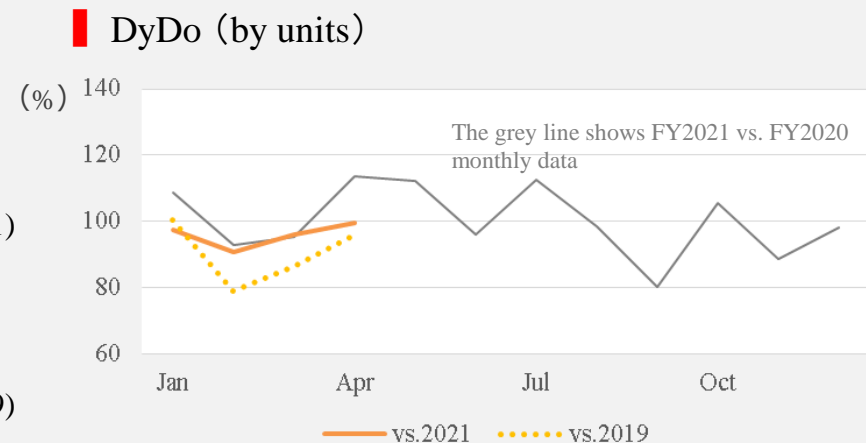
## Monthly vending machine sales trends



Cumulative volume

**98 %**  
(compared to FY2021)

**83 %**  
(compared to FY2019)



Cumulative volume

**95.9 %**  
(compared to FY2020)

**87.5 %**  
(compared to FY2019)

# Overview by Segment

## Domestic Beverage Business



Although we are maintaining the trend for more vending machines, one issue that faces us is improving per machine sales by responding to changes in people's movements

Millions of yen

	1st quarter					Full year						
	FY2021	Component ratio	FY2022	Component ratio	% (YoY)	Amount (YoY)	FY2021	Component ratio	FY2022(Forecast)	Component ratio	% (YoY)	Amount (YoY)
Net sales	26,923	—	<b>24,773</b>	—	—	—	118,080	—	<b>116,900</b>	—	—	—
Ref : The conventional standard		—	<b>26,509</b>	—	(1.5%)	(413)			<b>125,100</b>	—	5.9%	7,019
Difference			1,736				Difference		8,200			
Operating profit	707	2.6%	<b>(325)</b>	(1.3%)	—	(1,032)	6,267	6.2%	<b>5,950</b>	5.1%	(5.1%)	(317)
Depreciation	952		<b>1,095</b>		15.0%	142	4,028		<b>4,800</b>		19.2%	771

(From January 21st to April 20th)

- ✓ The beverage market overall has grown 2% over the previous fiscal year (down 6% on FY2019 figures)
- ✓ Competition for vending machine locations has intensified, but our proposal-based sales format has borne fruit as we continued to increase the number of locations
- ✓ Prior to 1Q, the Japanese government's priority preventative measures limited people's movement and this, alongside unfavorable weather, meant sales decreased
- ✓ Revenue and profits were affected by prices associated with procuring coffee beans jumping, increases in rebates in the distribution channel, and increased vending machine depreciation costs
- ✓ The roll-out of smart operations made progress as planned (roll-out to all sales sites was completed)
- ✓ In home shopping sales of supplements, we adapted to intensifying competition and controlled advertising expenses

### Sales by channel

		Millions of yen / Cases			
		FY2021	FY2022	% (YoY)	Amount (YoY)
Net sales*	Vending machine	21,770	<b>21,461</b>	(1.4%)	(309)
	Distribution • Export	4,137	<b>3,960</b>	(4.3%)	(177)
	Home Shopping Sales of Supplements	1,015	<b>1,087</b>	7.2%	72
	Total	26,923	<b>26,509</b>	(1.5%)	(413)
Cases	Vending machine	9,666	<b>9,295</b>	(3.8%)	(370)
	Distribution • Export	1,875	<b>1,706</b>	(9.0%)	(168)
	Total	11,542	<b>11,002</b>	(4.7%)	(539)

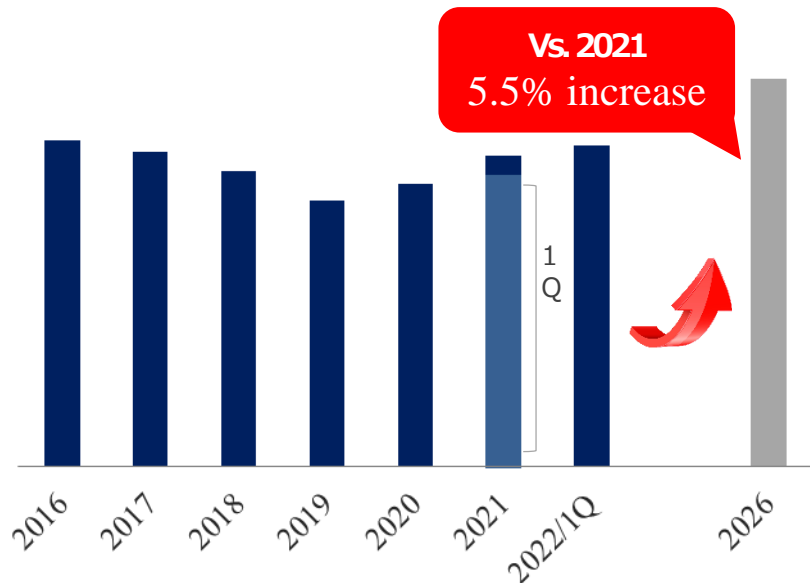
\* The conventional standard

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

## Increased no. and quality of new locations

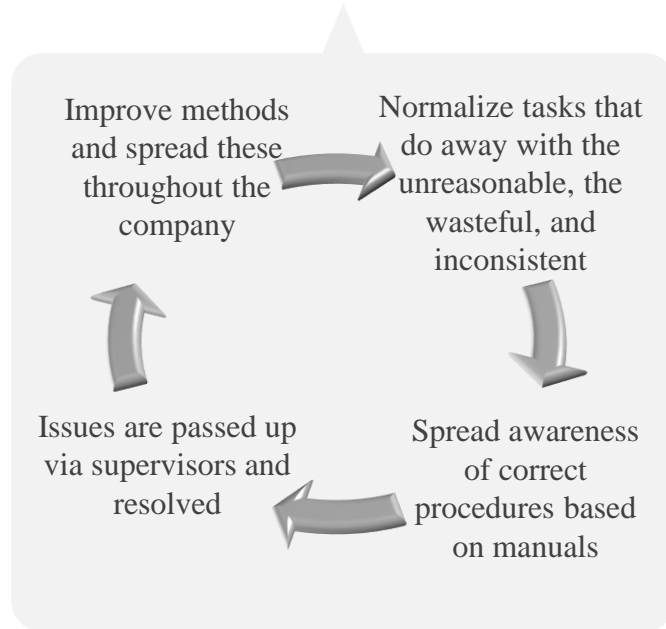
- Maintained an increase in the number of new vending machine locations
- Increased the number of employees in remote sales teams

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

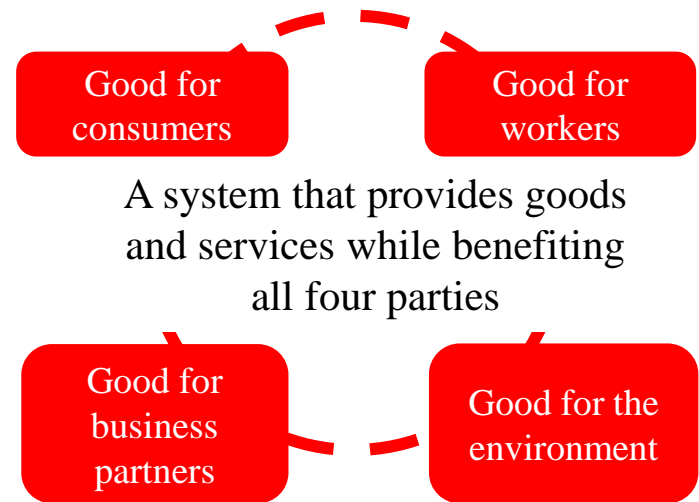


## Completed the roll-out of smart operations

- Roll-out to all direct sales (DyDo Beverage Service, Inc.) sites completed in May
- We are advancing process optimization and aim to establish these processes at all sales locations as soon as possible



## Smart operations concept







# Overview by Segment

## International Beverage Business



Our Turkish business, a main driver of the International Beverage Business, made real progress on both individual unit prices and quantity to achieve large increases in revenue, although there is an issue of responding to inflation

Millions of yen

	1st quarter					Full year						
	FY2021	Component ratio	FY2022	Component ratio	% (YoY)	Amount (YoY)	FY2021	Component ratio	FY2022(Forecast)	Component ratio	% (YoY)	Amount (YoY)
Net sales	2,366	—	<b>2,992</b>	—	26.4%	625	12,777	—	<b>9,200</b>	—	(28.0%)	(3,577)
Operating profit	7	0.3%	<b>(183)</b>	(6.1%)	—	(191)	(393)	(3.1%)	<b>(34)</b>	(0.4%)	—	358
Amortization of goodwill, etc.	38	1.6%	<b>22</b>	0.8%	(40.1%)	(15)	135	1.1%	<b>65</b>	0.7%	(51.8%)	(70)
Operating profit after subtracting amortization of goodwill, etc.	(30)	(1.3%)	<b>(205)</b>	(6.9%)	—	(175)	(528)	(4.1%)	<b>(100)</b>	(1.1%)	—	428
JPY per TRY	13.98yen		<b>8.37yen</b>		(5.61yen)		12.44yen		<b>6.00yen</b>		(6.44yen)	
JPY per CNY	16.45yen		<b>18.54yen</b>		2.09yen		17.13yen		<b>16.50yen</b>		(0.63yen)	

(From January 1st to March 31st)

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

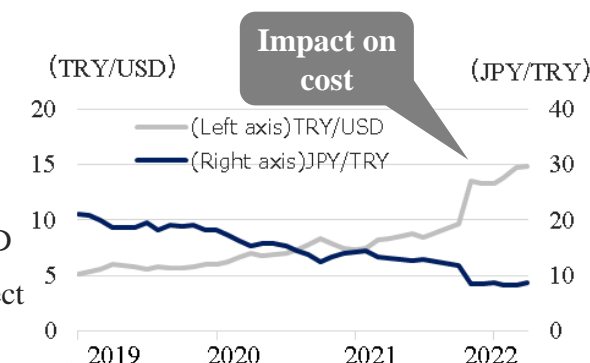
### Turkey:

- ✓ Despite repeated price increases, the number of sales has improved, and sales improved by 108% on a local currency basis
- ✓ Working capital increased due to the weakening of the lira in relation to the US dollar, the rising cost of crude oil, and hyperinflation
- ✓ Despite greatly improved revenue, it could not cover dramatic and wide-ranging increases in raw material and logistics costs
- ✓ We restarted efforts to strengthen exports as the recovery from the pandemic continued

### Other areas:

- ✓ At the beginning of the fiscal year, sales (including for locally produced items) were strong. With the Chinese government's zero-COVID measures, and the resulting lockdown in Shanghai and logistics restrictions throughout China, we are concerned this may negatively affect business in the future
- ✓ While we were contemplating making use of Russia as a base for sales from Turkey, we decided to withdraw completely from the country

### Trends in value of the Turkish lira



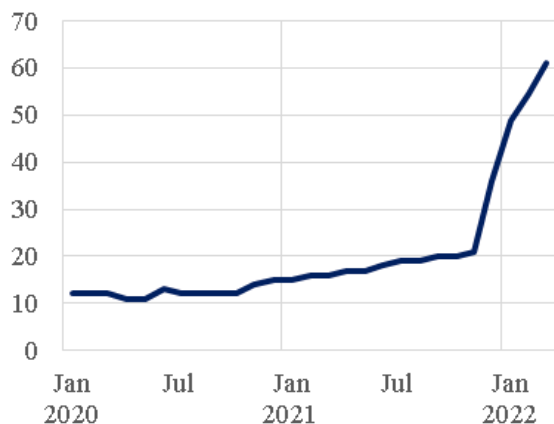
We will flexibly adapt to changes in socioeconomic circumstances, including reacting to inflation, through appropriate business management

## Performance on a by a local currency basis

- The sales quantity rises despite raising prices (Liter base : All categories+ 8 %)

		1 Q	2Q	3Q	4Q	cumulative
FY2022	vs.2021	+108%				<b>+108%</b>
	vs.2019	+129%				<b>+129%</b>
	exchange rate	8.37yen				<b>8.37yen</b>
FY2021	vs.2019	+10%	+10%	+31%	+80%	+31%
	exchange rate	13.98yen	13.44yen	13.25yen	12.44yen	12.44yen

## Inflation rate



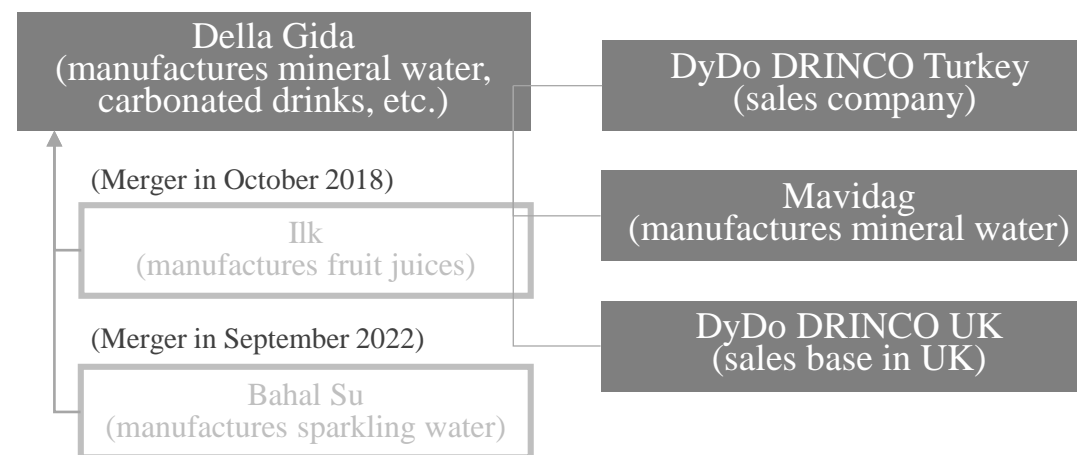
## Trends in sales prices

“Saka” mineral water 500 ml (for major chains)



## Absorption-type merger of a manufacturing subsidiary

### Turkish beverage business companies



### Manufacturing bases



Orders for quasi-drug pouch products increased, but rising manufacturing cost prices meant that while revenue was up, profits were down.

Millions of yen

	1st quarter					Full year						
	FY2021	Component ratio	FY2022	Component ratio	% (YoY)	Amount (YoY)	FY2021	Component ratio	FY2022(Forecast)	Component ratio	% (YoY)	Amount (YoY)
Net sales	2,693	—	2,851	—	—	—	11,133	—	11,500	—	—	—
Ref : The conventional standard	—		2,894	—	7.4%	200	11,650		—	4.6%	516	
	Difference		42				Difference		150			
Operating profit	17	0.7%	(28)	(1.0%)	—	(46)	(19)	(0.2%)	50	0.4%	—	69
Depreciation	296		294		(0.4%)	(1)	1,190		1,200		0.8%	9

(From January 21st to April 20th)

- ✓ While it varies by manufacturer, orders for drinkable preparations have been comparatively strong
- ✓ Orders for pouch products have improved dramatically due to positive sales of new quasi-drug products and we will continue full operations
- ✓ Since April, our Kanto Plant (completed in 2020) has been running two shifts, and we have improved utilization rates. We have strengthened sales to be able to open up new large-scale clients
- ✓ With raw material costs and factory operation energy bills rising, we continually made efforts to absorb those costs

### DAIDO Yakuhin's Plants

	Product format	Yearly production capacity	
		Number of plants	Capacity (million units)
Nara plant	Bottles	4	350 million units
	Pouches	1	30 million units
Kanto plant	Bottles	1	150 million units



Types of container DAIDO Yakuhin is able to contract manufacture

As a result of the COVID-19 pandemic, demand for food for those recuperating at home grew and we were able to absorb rising costs

Millions of yen

	1st quarter					Full year						
	FY2021		FY2022		% (YoY)	Amount (YoY)	FY2021		FY2022(Forecast)		% (YoY)	Amount (YoY)
		Component ratio		Component ratio				Component ratio		Component ratio		
Net sales	4,293	—	4,312	—	—	—	21,165	—	19,000	—	—	—
Ref : The conventional standard			4,780	—	11.3%	486			21,150	—	(0.1%)	(15)
Difference			467				Difference		2,150			
Operating profit	231	5.4%	322	7.5%	39.5%	91	1,311	6.2%	1,052	5.5%	(19.8%)	(259)
Amortization of goodwill, etc.	87	2.0%	87	2.0%	0.0%	0	351	1.7%	352	1.9%	0.1%	0
Operating profit after subtracting amortization of goodwill, etc.	143	3.3%	234	5.4%	63.8%	91	959	4.5%	700	3.7%	(27.0%)	(259)
Depreciation	205		209		1.9%	3	815		1,000		22.6%	184

(From January 1st to March 31st)

- ✓ Sales in the dry jelly market have grown 9% over the previous fiscal year (down 9% on FY2019 figures) and we outperformed the rest of the market
- ✓ Sales to convenience stores decreased slightly, but through factors such as rising demand for food for those recuperating at home due to the pandemic, sales to mass retailers grew and sales also increased in international sales channels
- ✓ Rising raw material and personnel costs were covered by the rise in sales
- ✓ We have been continuing full operations in the run up to the summer, our busiest period
- ✓ We launched a trial of a new product, a drinkable Tarami jelly, and began sales in select convenience stores and super markets etc.



Chilled cup products that let customers enjoy Tarami's fruit-filled jelly in drink form



## 04 Working toward Sustainable Growth

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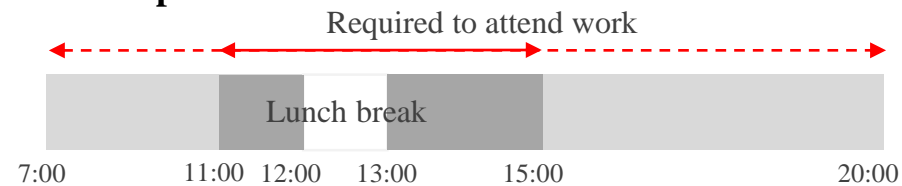
Based on our employees' wishes, we improved our labor system to allow employees themselves to pick a way of working that suits them

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

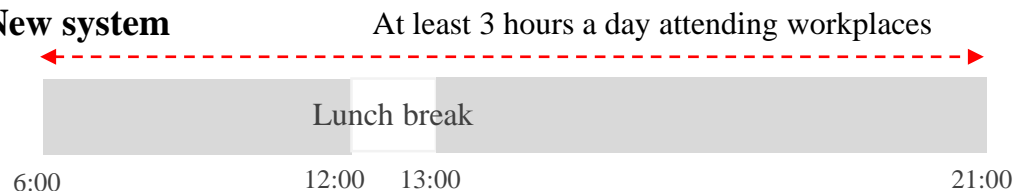
## Super-flex workplace attendance system

- Core working hours (11:00–15:00) were 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 have run the Challenge Awards since fiscal 2017 to support employees taking on challenges and to foster a corporate culture of not settling for the status quo

FY2021

No. of submissions for the Challenge category

54



Domestic Beverage Business

Achieved target for no. of operational vending machines

International Beverage Business

Achieved profitability in the Chinese business

Pharmaceutical-related Business

Worked to bring plant equipment inspections and maintenance in-house

Food Business

Achieved work efficiency improvements through cooperation between finance and accounting departments and production control departments

Efforts to develop vending machines that support the UN's SDGs, initiatives to invigorate internal communication, and training for individual employees to gain new skills (e.g. attaining barista licenses, passing certification exams for vending machine installation, etc.)

## Challenge category



- A system to recognize and reward employee efforts during the fiscal year

### Evaluation criteria

- (1) Compliance with the DyDo Group Corporate Philosophy
- (2) Impact on stakeholders
- (3) Focus
- (4) Difficulty
- (5) Effect on productivity

## Idea category



- We ask employees for ideas for things they would like to see. We try to put winning ideas, chosen by employee vote, into practice in the following year or later

### Evaluation criteria

- (1) Difficulty, expected result
- (2) Issue selection, consistency
- (3) Originality
- (4) Cost
- (5) Appeal for the company
- (6) Imagination

### Awards categories

- (1) Vending machine innovation
- (2) New drinks products
- (3) Personnel and welfare systems
- (4) ESG/SDGs
- (5) New business
- (6) Sales innovation
- (7) Other challenges



## We increased the number of independent outside directors on the Board\* and strengthen its oversight functions and diversity

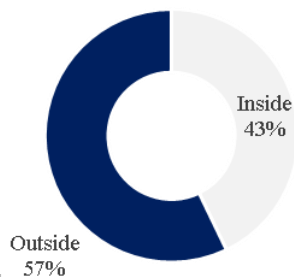
### Director candidate skill matrix

	Our directors' 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								○			

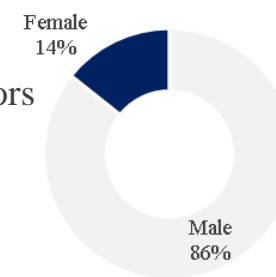
\* Overseas subsidiary

### Composition of the Board of Directors

- Proportion of outside directors  
More than half (4/7)



- Proportion of female directors  
14% (1/7)





## At the 47th Annual General Meeting of Shareholders on April 15, 2022, our outside directors were appointed or reappointed



New appointment

Junko Kawano

### Profile

- April 1986: Joined Recruit Co., Ltd.
- January 1997: Editor-in-chief of Recruit's Travail recruitment information magazine
- April 2006: Team Leader of Recruit's Women's Life and Career Research Team (concurrent role)
- July 2008: Joined Sumitomo Corporation
- April 2013: Director at Japan Active Solutions (concurrent role)
- June 2017: Left Japan Active Solutions
- April 2018: Established Kawano Junko Office (incumbent)
- September 2019: Joined the School Board at Tokyo International Progressive School (incumbent)
- April 2020: Senior Researcher at the Keio Research Institute at SFC (incumbent)
- June 2021: Outside Director at Joshin Denki Co., Ltd. (incumbent)
- December 2021: Director and Chief Marketing Officer at Life Shift Japan Co., Ltd. (incumbent)



Shinji Mori Appointed in 2014 **Reappointment**

Mr. Mori has extensive experience and specialized knowledge as an attorney and has served the Company for eight years as an outside officer. Based on that experience, he offers advice and suggestions as to the Company's management from an independent perspective.



**Reappointment**

Masataka Inoue Appointed in 2016

Mr. Inoue previously worked for the Mizkan Group and as such has extensive knowledge and experience in the food industry. He is particularly well experienced in overseas management and in business development, including M&As, as a manager.



**Reappointment**

Michiaki Kurihara Appointed in 2021

With previous careers at Fujisawa Pharmaceutical Co., Ltd. (now Astellas Pharma Inc.) and Santen Pharmaceutical Co., Ltd., Mr. Kurihara has extensive experience—including of Japanese business, sales supervision, and running an overseas business—and knowledge of the pharmaceutical industry.

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**

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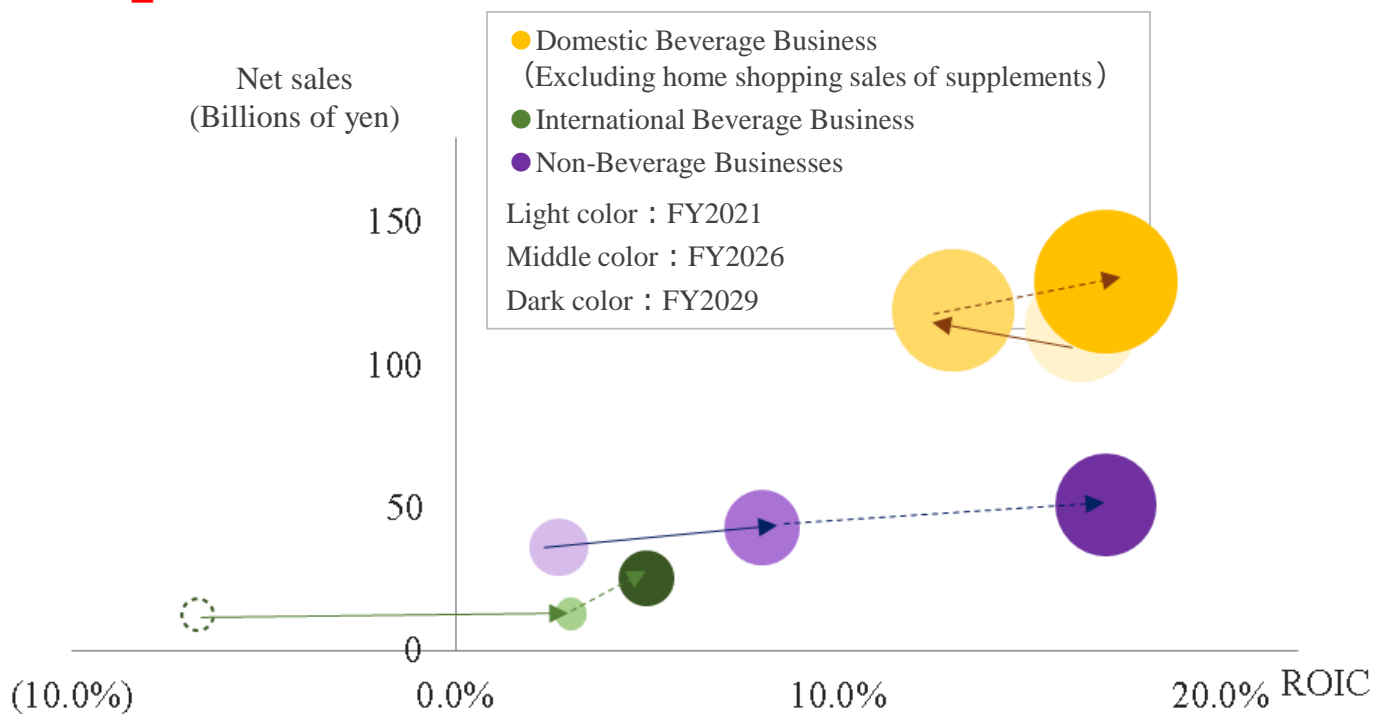
Partial excerpt from Mid-term Business Plan 2026, disclosed at January 14,2022

\*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

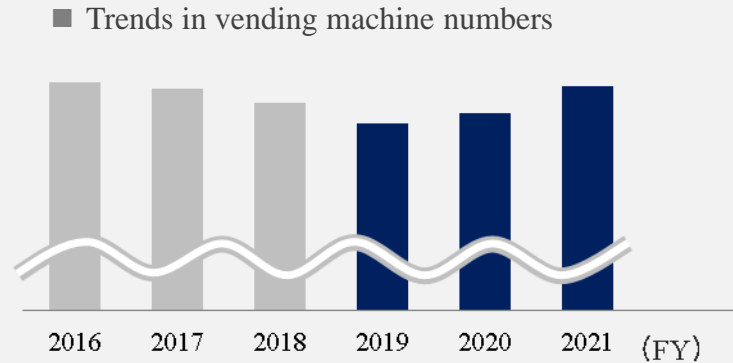
## Strengthening and developing non-beverage segments

- 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

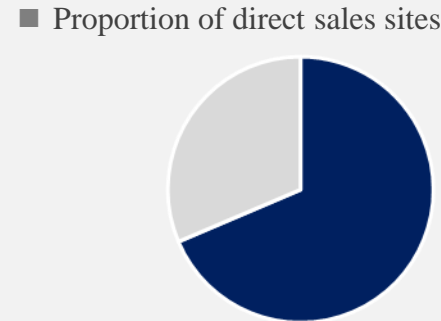
# (1) Renewing growth in the Domestic Beverage Business/ Domestic Beverage Business

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

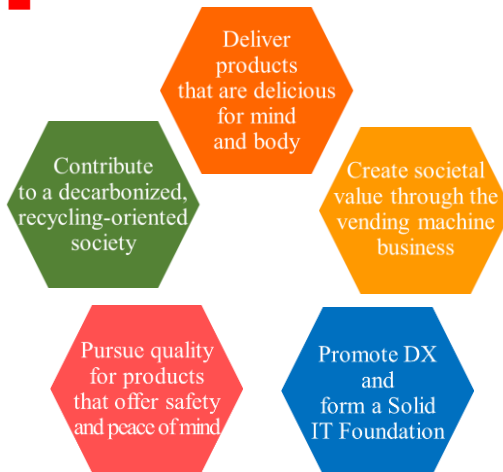
Maximizing per machine sales and the effectiveness (in terms of speed and scale) of our smart operations

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%

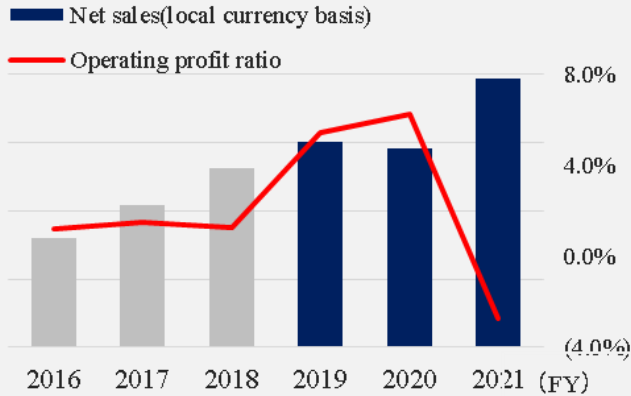
\*A vending machine operations staff

\*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)

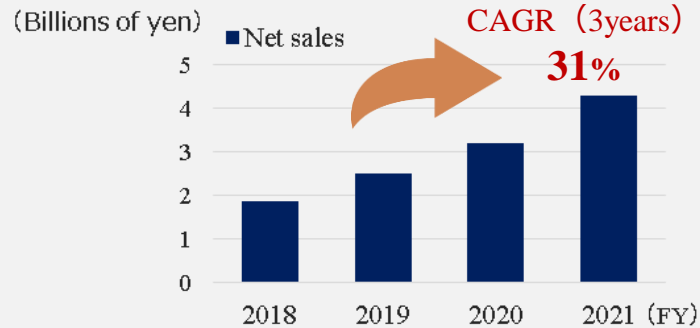


Result of the 2021 plan

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

the 2026 plan

### 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

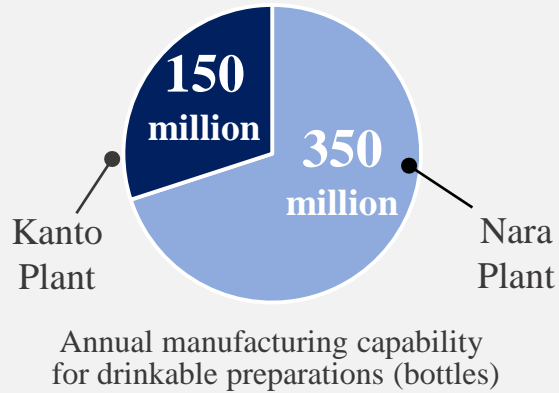
KPI	FY2026
No. of active repeat customers	Compared to FY2021: + 110%



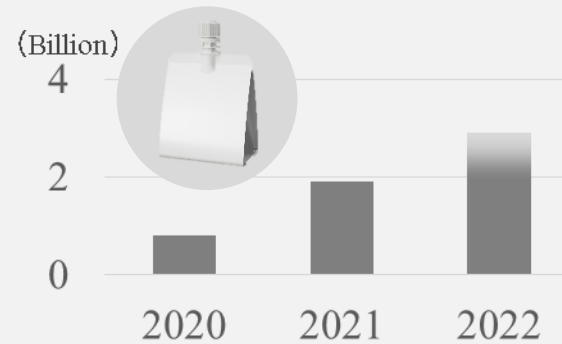
# (3) Strengthening and developing non-beverage segments / Pharmaceutical-related Business

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

the 2026 plan

## 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

# (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

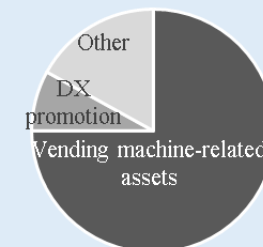
5-year accumulated  
cash flows:  
**60** billion yen or more

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