



FY2022 (Year Ending January 20, 2023) 2nd Quarter Financial Highlights

DyDo Group Holdings, Inc.

(Prime Market of the Tokyo Stock Exchange: 2590)

August 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 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 and other contents included in this report are in accordance with the following financial data notes.

Relevant segment
 Domestic Beverage Business
 Food Business
 Pharmaceutical-related Business

Financial data notes

- Performance for fiscal 2021 follows the conventional standards, while performance 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 have been provided. Operation profit, ordinary profit and profit attributable to owners of parent are not shown because the impact is very little.

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

Application of revised restatements regulated in *Financial Reporting in Hyperinflationary Economies*

For financial statements for our subsidiary in Turkey, a major country for our International Beverage Business, since the second consolidated quarter we have been adding adjustments to our accounting in line with criteria set in IAS 29, *Financial Reporting in Hyperinflationary Economies*. In these materials, we refer to this as “**hyperinflation accounting.**”

Relevant segment
International Beverage
Business

Overview of IAS 29 *Financial Reporting in Hyperinflationary Economies*

- (1) An economy is deemed to be hyperinflationary if its cumulative inflation rate for a period of three years approaches to, or exceeds, 100% (in Turkey’s case, the rate for March 2022 exceeded 100%)
- (2) When converting Turkish lira amounts to Japanese yen, assets/liabilities and revenue/expenses must be converted using the rate on the day of settlement

	Conventional standards	After application of IAS 29 criteria
Balance sheet items	Rate on day of settlement	Rate on day of settlement
Profit/loss statement items	Average rate during period	

- (3) Fluctuations in price indices must be reflected in financial statements

■ Impact on balance sheets

- Revised restatements for inventories; property, plant and equipment; intangible assets; and other non-monetary investment assets; take into account fluctuations in price indices from the day of acquisition to the end of the fiscal year. For capital, this period is from the time of investment to the end of the fiscal year

- Retained earnings reflect cumulative effects to the end of the period

■ Impact on profit/loss statements

- All items are, in principle, revised based on fluctuations in price indices from the time of the individual transaction to the end of the fiscal year



01 Group Mission 2030 / Mid-term Business Plan 2026

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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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)

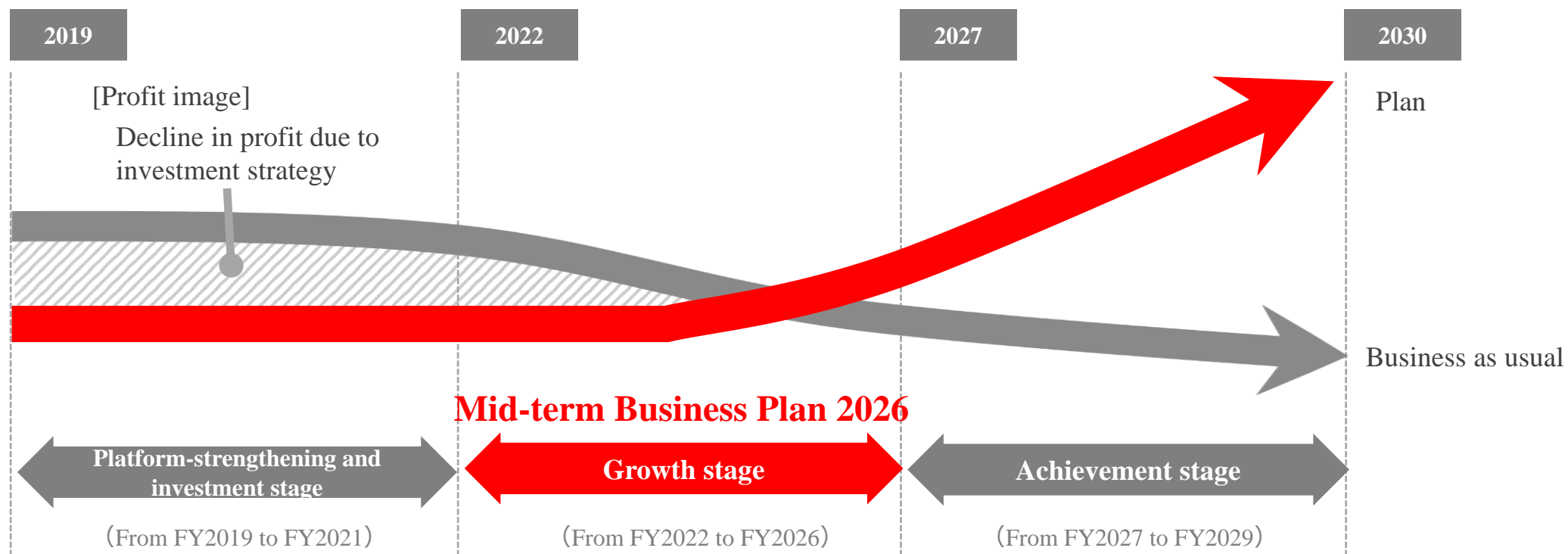
* 2 DyDo DRINCO, DyDo Beverage Service, and DyDo Business Service

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

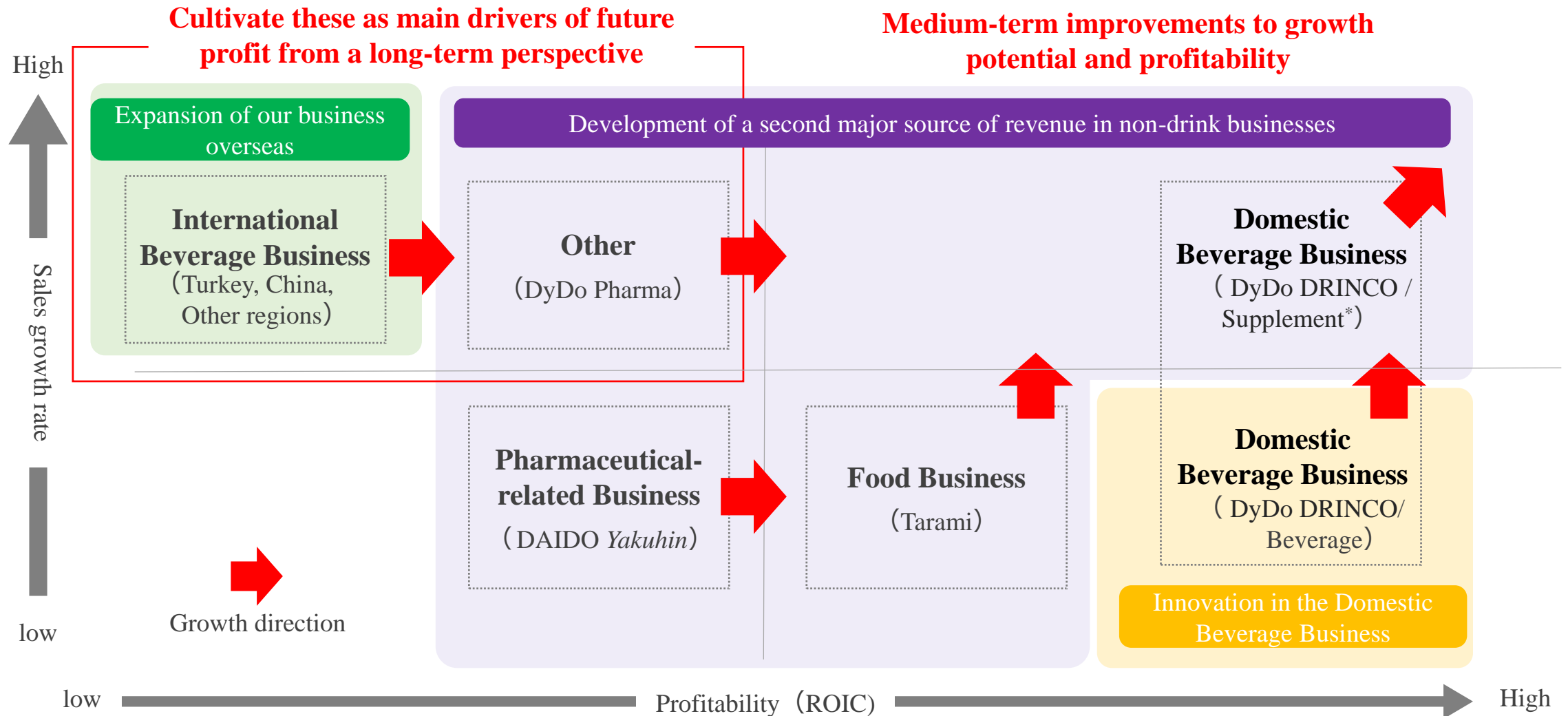
* 4 Calculated by dividing the total emissions for relevant group companies by total sales

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

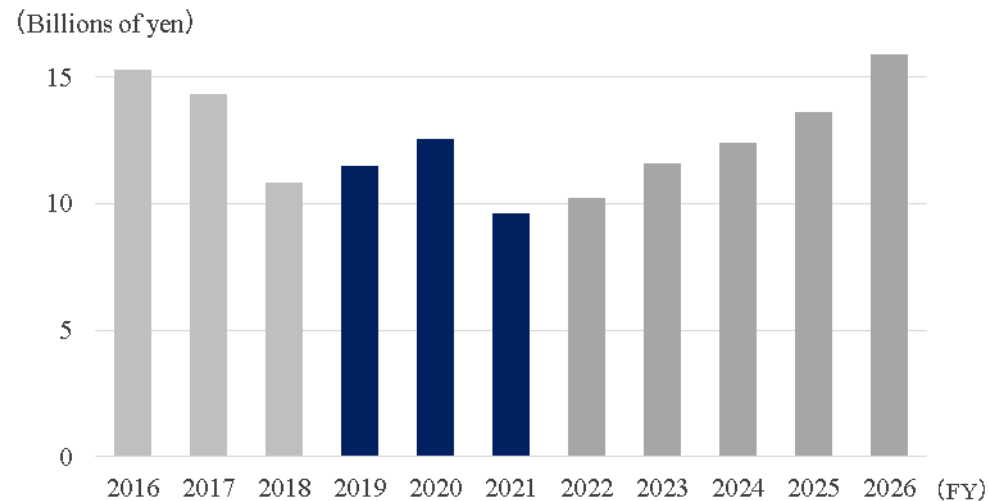
4%

Consolidated ROIC

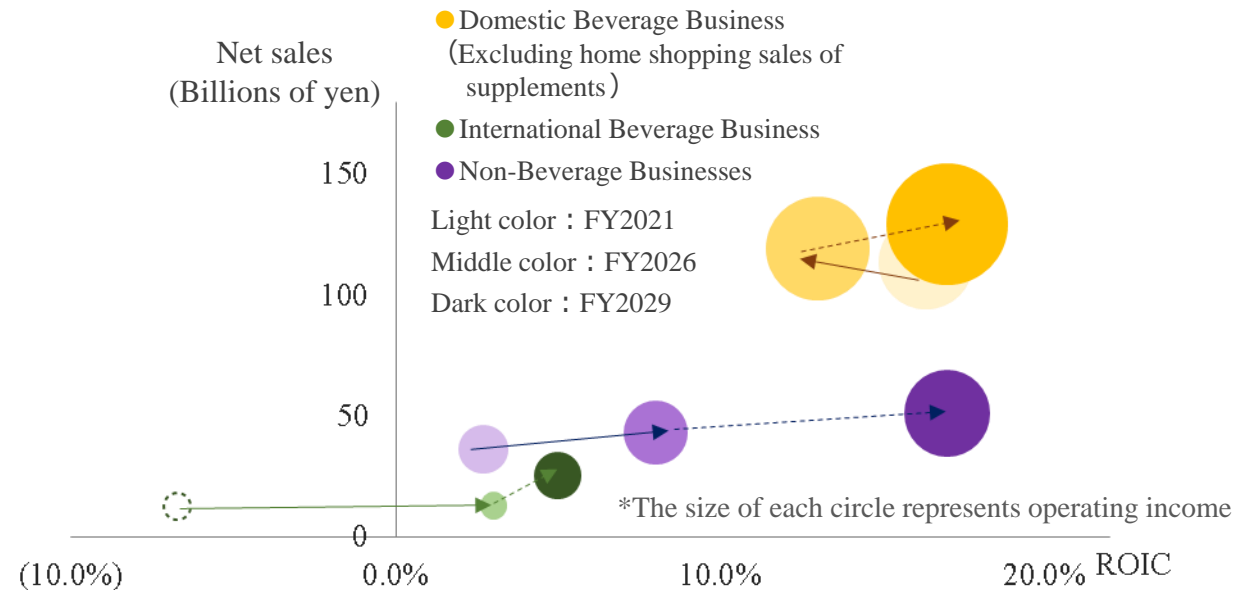
* Invested capital is the amount put into in the business segments

6%

Trends in cash flows from operating activities



Growth image



Nationwide rollout of smart operations completed in May

Plant utilization rates for the Pharmaceutical-related Business and Food Business are improving

Domestic Beverage Business

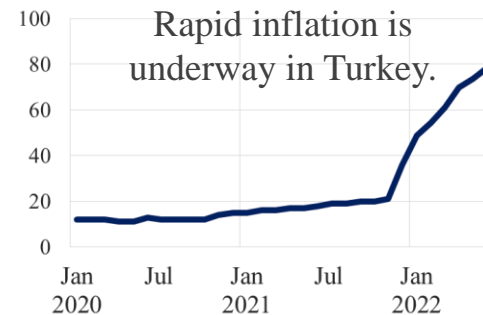
- We are implementing initiatives to achieve renewed growth for the vending machine business
- We are continuing to increase the number of vending machines
- We have completed the nationwide rollout of smart operations and now we are aiming for them to take root at worksites



Efforts toward renewed growth in the vending machine business are making progress

International Beverage Business

- Turkish business has made a strong sales growth in local currency basis due to price hike
- In the Chinese business, sales of locally produced items are selling well, and we have introduced new region-specific products



The Turkish business is focusing its energies on stabilizing performance

Non-Beverage Businesses

- We are continuing efforts to maximize the effectiveness of advertising in the home shopping supplement business (which belongs to the Domestic Beverage Business segment for accounting purposes)
- We are receiving strong orders for the DAIDO Yakuhin (Pharmaceutical-related Business) pouch packaging line
- Full plant operations continue at Tarami (Food Business)
- DyDo Pharma (Orphan drug business) has received marketing licenses for pharmaceuticals



Initiatives are being steadily promoted with each of the business segments

As well as implementing appropriate countermeasures, such as adjusting prices, we are working to construct a business model that allows us to respond flexibly to changes in the market environment

	Overview and Major Future Factors	Future Measures
Domestic Beverage Business	<ul style="list-style-type: none"> The current trend of rising costs associated with manufacture and delivery looks set to continue in the future; 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. We are maintaining an upward trend for the number of our vending machines we are installing and we are making steady efforts to gain an advantageous position in the vending machine market, foremost of which is our companywide rollout of the smart operation structure. The amount of impact caused by the dramatic increases in raw material prices is forecast to be about triple that predicted at the start of the fiscal year. 	<ul style="list-style-type: none"> How to “create societal value through the vending machine business” has been selected as a material issue, and we aim to establish a sustainable vending machine business model that allows us to respond flexibly to market changes. From October 1, 2022, we will raise the recommended retail price of some products by between 9 and 25%.
International Beverage Business	<ul style="list-style-type: none"> 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. The profit/loss balance for the Turkish beverage business improved compared to its conventional standards, but by adjusting accounting in line with criteria set in IAS 29 Financial Reporting in Hyperinflationary Economies, the segment loss increased. If inflation worsens, there is the possibility that accounting adjustments could reach large amounts. The Chinese business, despite the temporary impact of lockdowns in Shanghai, meanwhile, saw positive sales growth of Barley Tea and other locally produced products, for strong revenue and profits. 	<ul style="list-style-type: none"> In the Turkish beverage business, dramatic increases in raw material costs, and the continuation of a punishing exchange rate, look likely. With appropriate price countermeasures and controls on cost increases, we will promote efforts to stabilize performance. Utilizing the foundations presented by the existing Turkish and Chinese businesses, we will reconstruct our international business strategy and take on the challenge of developing global brands that can cater to the rise in health and sugar-free needs.

As well as implementing appropriate countermeasures, such as adjusting prices, we are working to construct a business model that allows us to respond flexibly to changes in the market environment

Overview and Major Future Factors		Future Measures
Non-Beverage Businesses	<p>Pharmaceutical-related Business</p> <ul style="list-style-type: none"> As well as an increase in orders for pouch products, orders for drinkable preparations were also strong. Negotiations are underway regarding price changes to offset growing raw material prices and energy bills related to factory operations. 	<ul style="list-style-type: none"> We will strengthen sales activities to secure new large-lot orders, and raise utilization rates at our Kanto Plant. We constructed an optimal production system with four plants at two bases and now we aim to become the top OEM manufacturer in the health and beauty field.
	<p>Food Business</p> <ul style="list-style-type: none"> Rising household demand and increased sales space at mass retailers ensured strong sales for fruit jellies. The rising cost of ingredients was absorbed by sales growth, which meant we secured increased revenue. Sales were better than anticipated, so we strove to increase production but demand continued to far exceed supply, and on July 19, 2022, we had to announce a sudden halt to sales for six flagships SKUs. 	<ul style="list-style-type: none"> As raw material prices, including those used for containers and packaging, as well as logistics costs, are predicted to continue to rise, from October 1, 2022, we will raise the recommended retail price of products by between 8 and 20%.



02 FY2022 (Year Ending January 20, 2023) 2nd Quarter Financial Highlights

Overview of Consolidated Financial Results for FY2022 2nd Quarter



In the Turkish beverage business (International Beverage Business), we have made flexible price changes and gained greatly increased revenue

In the Pharmaceutical-related Business and Food Business, sales grew, and all segments achieved increased revenue on a conventional standard basis

Profit/loss is massively affected by both dramatic price increases for raw materials and accounting adjustments resulting from the application of hyperinflation accounting

Millions of yen

	FY2021		2nd quarter (Jan.21-Jul.20)			FY2022		Component ratio	*Sales comparison is based on conventional standards	% (YoY)	Amount (YoY)	
		Component ratio	Ref : The conventional standard									
			Impact on performance		Revenue Recognition							Hyperinflation
Net sales	79,922	100.0%	84,445	(5,330)	665	79,781	100.0%	5.7%*	4523*			
Operating profit	2,743	3.4%	1,397	—	(673)	723	0.9%	(73.6%)	(2,019)			
Ordinary profit	2,813	3.5%	1,451	—	(989)	461	0.6%	(83.6%)	(2,351)			
Profit (loss) attributable to owners of parent	1,771	2.2%	387	—	(1,256)	(869)	(1.1%)	—	(2,640)			
EPS	113.36yen					(55.54yen)		(168.90yen)				
Dividend per share	30yen					30yen		-				

Major impacts of the application of hyperinflation accounting

This page offers a simplified representation of parts of the hyperinflation accounting process.



Major impacts on balance sheets

Financial assets	Interest-bearing debt
Accounts receivable	Accounts payable
Inventories (1)	Other
• Property, plant and equipment	Net assets
Intangible assets	Capital (2) (3)
Other	Retained earnings

- (1) Revised restatements in line with fluctuations in price indices between the day of acquisition/transaction and the end of the fiscal year
- (2) Revised restatements in line with fluctuations in price indices between the time of investment and the end of the fiscal year
- (3) Reflects cumulative effects to the end of the period

Major impacts on profit/loss statements

(Millions of yen)	Impact amount on consolidated profit/loss statements (difference from conventional standards)
Net sales	665
Cost of sales	
Gross profit	
SG&A	
Depreciation	
Operating profit	(673)
Non-operating expenses	307
Ordinary profit	(989)
Corporation tax, etc.	
Net profit	(1,256)

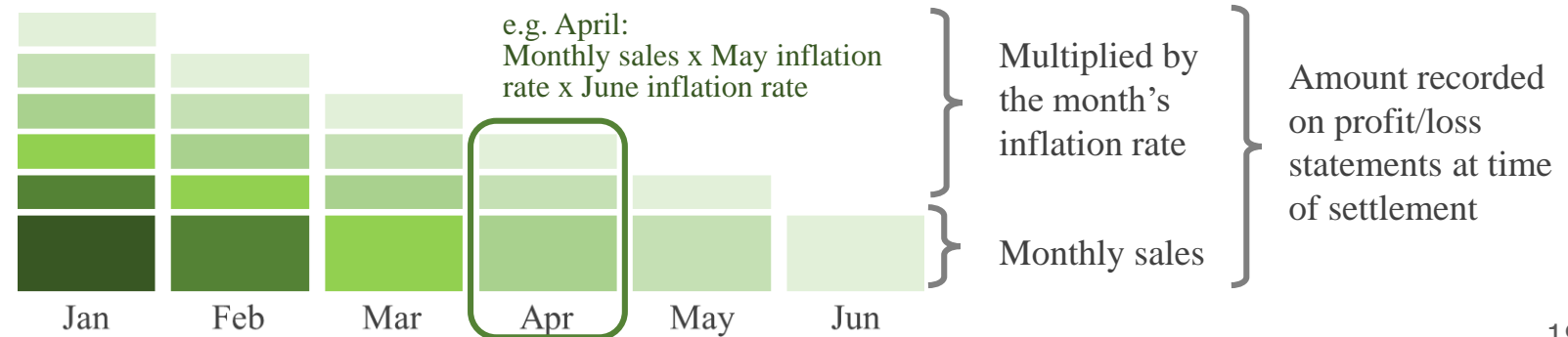
Multiplied by monthly inflation rates to create local financial statements

Based on post-revision assets, depreciation (manufacturing cost prices/SG&A), etc., are recalculated

The impact of inflation on net monetary position is recorded as a loss

Increase in adjustment amounts for corporation tax, etc.

Sales and cost accounting (prior to conversion into yen)



FY2022 2nd Quarter Consolidated Earnings (by Segment)



In the Domestic Beverage Business, improvements to average sales unit prices led to increased revenue, but soaring cost prices that went beyond predictions have massively impacted profit/loss

In the International Beverage Business, price changes led to greatly increased revenue and improvements to profitability through our operations

Millions of yen

	2nd quarter (Jan.21-Jul.20)						
	FY2021 Performance	FY2022			FY2022		
		Ref : The conventional standard	% (YoY)	Impact on performance*	Performance	% (YoY)	Amount (YoY)
Domestic Beverage Business	57,764	58,113	0.6%	(4,112)	54,001	—	—
International Beverage Business	5,711	8,616	50.9%	665	9,281	—	—
Pharmaceutical-related Business	5,682	6,037	6.3%	(81)	5,956	—	—
Food Business	11,088	11,980	8.0%	(1,136)	10,844	—	—
Orphan Drug Business	—	—	—	—	—	—	—
Adjustment	(324)	(302)	—	0	(302)	—	—
Total net sales	79,922	84,445	5.7%	(4,664)	79,781	—	—
Domestic Beverage Business	3,363				1,368	(59.3%)	(1,995)
International Beverage Business	(352)	(61)	—	(673)	(735)	—	(382)
Pharmaceutical-related Business	49				66	36.1%	17
Food Business	804				908	12.9%	103
Orphan Drug Business	(399)				(269)	—	130
Adjustment	(721)				(615)	—	105
Total operating profit	2,743	1,397	(49.1%)	(673)	723	(73.6%)	(2,019)

Conventional standard basis

(1) With the exception of the International Beverage Business (where local accounting uses IFRS), the impact amount of the application of revenue recognition standards is deducted

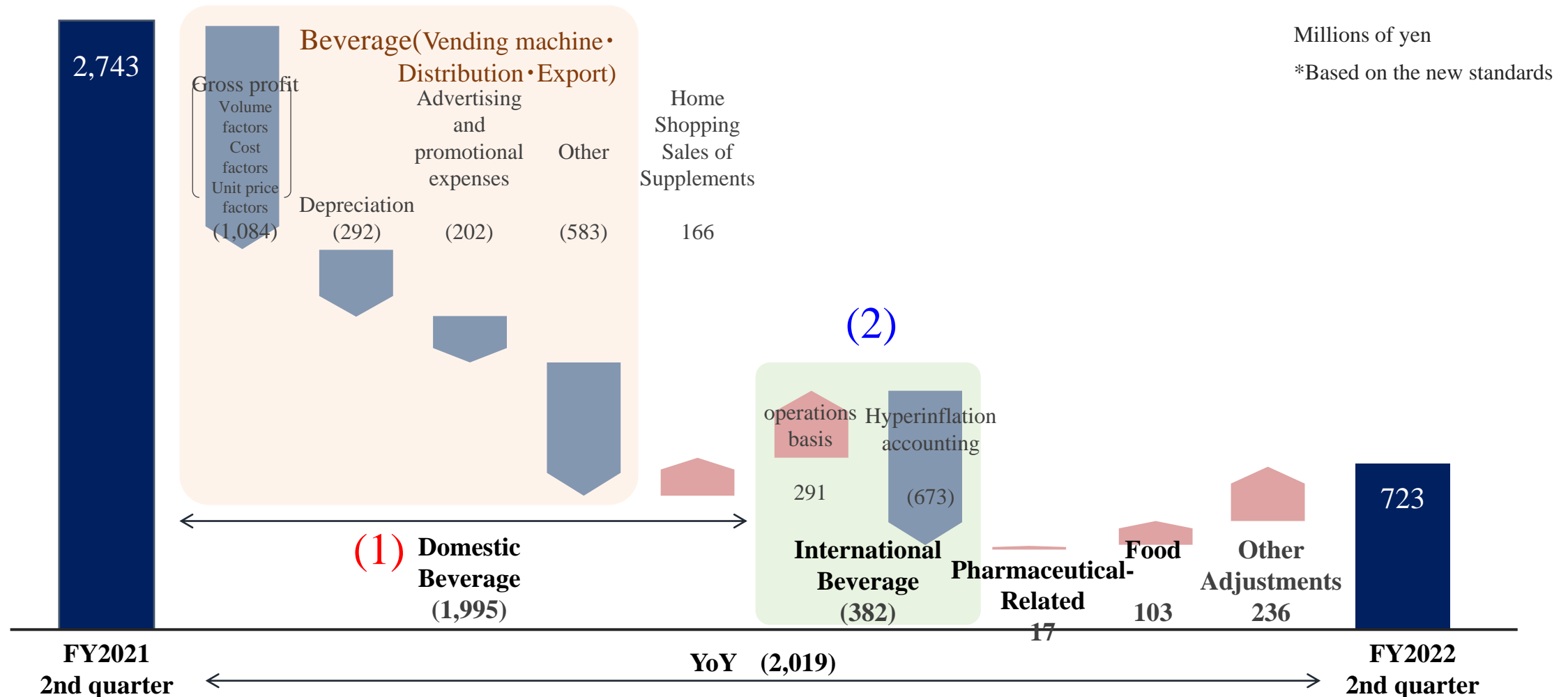
(2) The impact of the application of hyperinflation accounting on the International Beverage Business is deducted

Factors Contributing to Changes in Operating Profit in FY2022 2nd Quarter: Compared to the Previous Year



In the Domestic Beverage Business, increases in raw material prices and rebates and similar in the distribution channel have dramatically exceeded forecasts from the beginning of the fiscal year (1)

Other businesses achieved increased revenue on an operations basis, but the International Beverage Business was affected by the application of hyperinflation accounting (2)



Revision of our Full-year Consolidated Earnings Forecasts for FY2022



Taking into account soaring cost prices that exceeded forecasts from the beginning of the fiscal year, we have revised our performance forecasts
Accounting adjustments for the International Beverage Business made necessary by the application of hyperinflation accounting have been considered

Price changes will contribute to revenue in the fourth quarter at the earliest, so amounts and prices do not factor in any impact

Millions of yen

	Full year										
	FY2021		FY2022							Year-beginning announcements	
		Component ratio	Ref : The conventional standard			Component ratio	*Sales comparison is based on conventional standards		Difference from revised forecasts		
			Revenue Recognition	Hyperinflation	% (YoY)		Amount (YoY)				
Net sales	162,602	100.0%	172,600	(10,600)	3,500	165,500	100.0%	6.1%	9,997	156,000	9,500
Operating profit	4,581	2.8%	1,500	-	(800)	700	0.4%	(84.7%)	(3,881)	3,300	(2,600)
Ordinary profit	5,651	3.5%	2,050	-	(1,100)	950	0.6%	(83.2%)	(4,701)	3,700	(2,750)
Profit (loss) attributable to owners of parent	3,974	2.4%	750	-	(1,350)	(600)	(0.4%)	—	(4,574)	2,200	(2,800)
EPS	254.20yen		(38.31yen)							140.56yen	(178.87yen)
Dividend per share	60yen		60円								
Capital expenditure	10,064		-	-	-	12,400		23.2%	2,335	12,250	150
Depreciation	6,918		7,650	-	350	8,000		15.6%	1,081	7,700	300

Revision of our Full-year Consolidated Earnings Forecasts for FY2022 (by Segment)



Consolidated sales are expected to significantly exceed the initial forecast due to a large increase in the International Beverage Business

Millions of yen

	FY2021 Performance	Full year					Announcement at the beginning of a term (Difference)		
		FY2022			Forecast				
		Ref : The conventional standard	% (YoY)	Impact on performance*		% (YoY)			Amount (YoY)
Domestic Beverage Business	118,080	122,800	4.0%	(8,300)	114,500	—	—	116,900	(2,400)
International Beverage Business	12,777	17,600	37.7%	3,500	21,100	—	—	9,200	11,900
Pharmaceutical-related Business	11,133	11,700	5.1%	(200)	11,500	—	—	11,500	0
Food Business	21,165	21,100	(0.3%)	(2,100)	19,000	—	—	19,000	0
Orphan Drug Business	—	—	—	—	—	—	—	—	—
Adjustment	(553)	(600)	—	0	(600)	—	—	(600)	0
Total net sales	162,602	172,600	6.1%	(7,100)	165,500	—	—	156,000	9,500
Domestic Beverage Business	6,267				3,450	(45.0%)	(2,817)	5,950	(2,500)
International Beverage Business	(528)	(100)	—	(800)	(900)	—	(371)	(100)	(800)
Pharmaceutical-related Business	(19)				50	—	69	50	0
Food Business	959				700	(27.0%)	(259)	700	0
Orphan Drug Business	(573)				(700)	—	(126)	(1,000)	300
Adjustment	(1,524)				(1,900)	—	(375)	(2,300)	400
Total operating profit	4,581	1,500	(98.9%)	△800	700	(84.7%)	(3,881)	3,300	(2,600)

Conventional standard basis

(1) With the exception of the International Beverage Business (where local accounting uses IFRS), the impact amount of the application of revenue recognition standards is deducted

(2) The impact of the application of hyperinflation accounting on the International Beverage Business is deducted

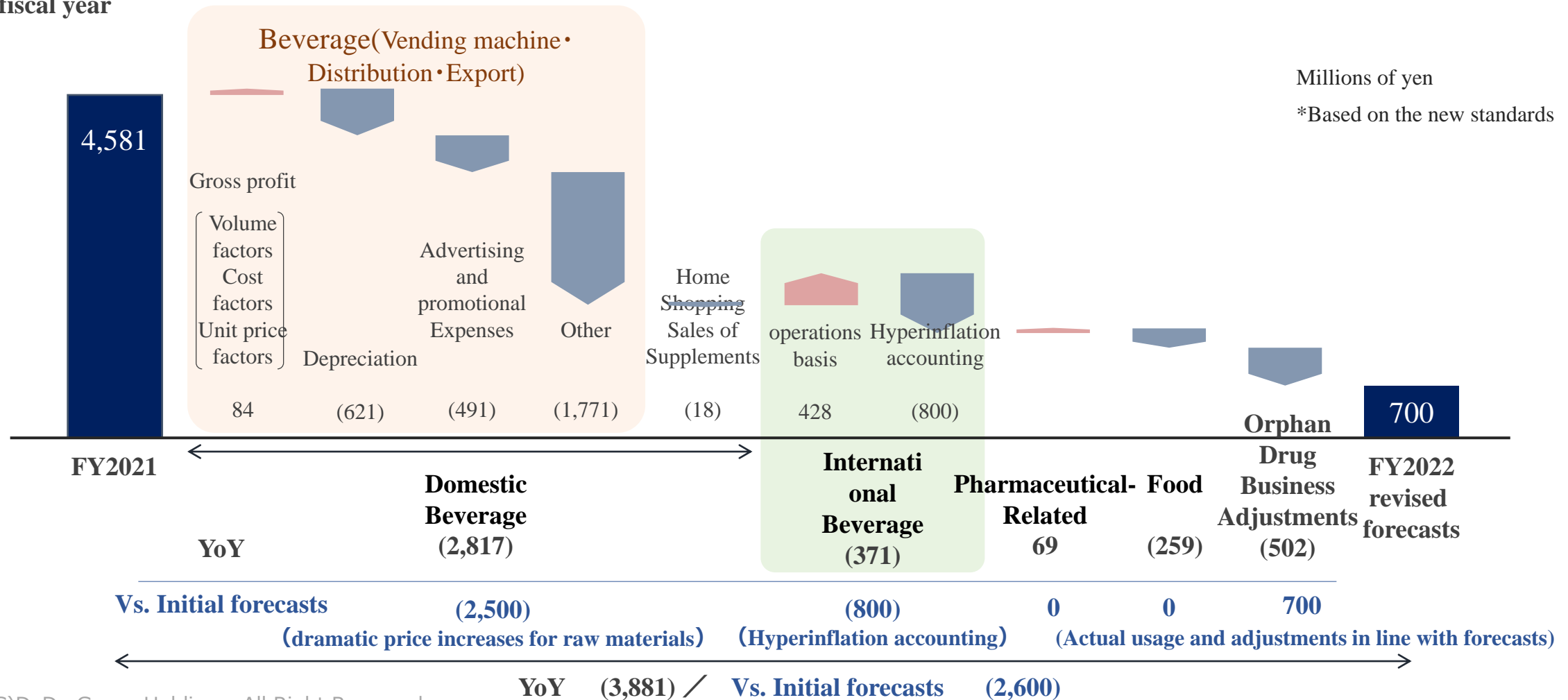
FY2022 Consolidated Full-year Performance Outlook Factors Contributing to Changes in Operating Profit: Compared to the Previous Year



In the Domestic Beverage Business, there is a risk that dramatic price increases for coffee beans and other raw materials could led to prices three times higher than forecasts from the beginning of the fiscal year

In the Pharmaceutical-related Business and Food Business the impact of soaring raw material prices was absorbed by increased orders and sales

In the International Beverage Business, there was improved profitability on an operations basis in line with forecasts from the beginning of the fiscal year



Financial Position: Principal Changes in the Consolidated Balance Sheet

Working capital increased as a result of seasonal fluctuations in the businesses and the expansion of sales in the Turkish beverage business (1)

Revised as a result of the increased undepreciated balance for vending machines in the Domestic Beverage Business and the application of hyperinflation accounting (2)

		(Millions of yen)		Change from previous year shown underneath each figure			
Financial assets* ¹	67,120	Interest-bearing debt* ²	35,482	Financial assets* ¹	62,548	Interest-bearing debt* ²	38,253
		Trade payable	17,148		(4,572)		2,771
		Other	23,091				24,600
Trade receivable	17,691	Net assets	83,261	Trade receivable	24,430		23,143
Inventories	8,763				6,739		51
Property, plant and equipment	52,367				12,050		Net assets
Intangible assets					3,286		
Other	13,040			55,740		1,038	
				3,373			
				Other	15,527		
					2,487		
Total assets	158,984	Total liabilities and net assets	158,984	Total assets	170,297	Total liabilities and net assets	170,297
					11,313		11,313

January 20,2022

July 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

We will promote initiatives aimed at achieving the goal of Mid-term Business Plan 2026 and aim to recover cash flows

Principal Changes in Free Cash Flow

	Millions of yen		
	FY2021	FY2022	Amount (YoY)
EBITDA (Operation profit + depreciation costs + amortization of goodwill)	6,315	4,660	(1,655)
Amount of change in working capital cash flow	(2,469)	(2,271)	198
Other	(2,062)	(2,812)	(749)
Operating cash flow (a)	1,783	(423)	(2,207)
Expenditures related to the acquisition of tangible and intangible fixed assets (b)	(4,766)	(4,502)	263
Free cash flow (a+b)	(2,982)	(4,926)	(1,943)

Capital investment

	Millions of yen		
	FY2021	FY2022	Amount (YoY)
Domestic Beverage	3,811	4,232	421
International Beverage	946	288	(658)
Pharmaceutical-related	132	38	(93)
Food	364	499	134
Companywide (including others)	220	200	(19)
Total	5,474	5,259	(215)

Depreciation costs

	Millions of yen		
	FY2021	FY2022	Amount (YoY)
	1,939	2,232	292
	267	358	91
	593	587	(6)
	407	420	12
	182	189	6
Total	3,390	3,787	396



03 Segment Overview

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

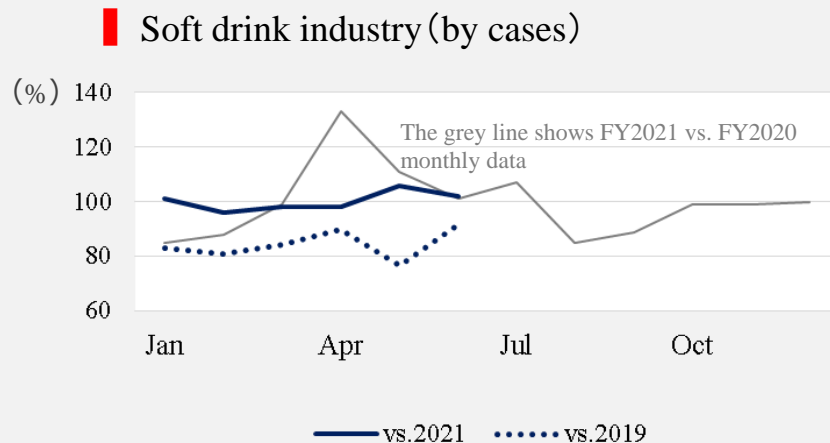


Increase in new locations

Improve sales potential of each location

Curb removals from good sites

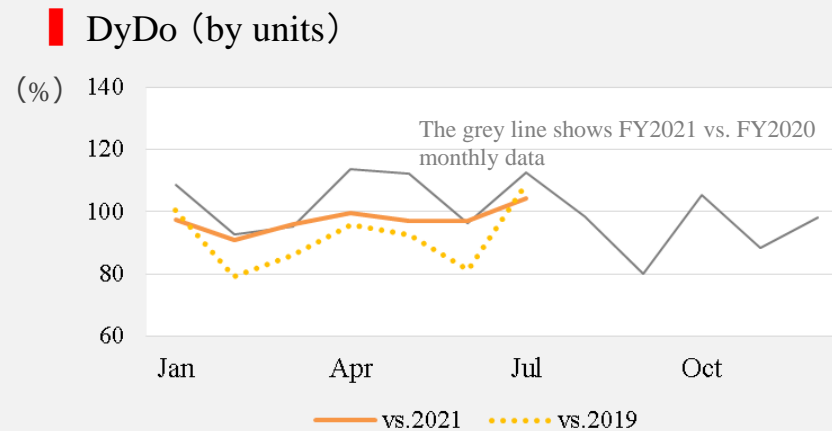
Monthly vending machine sales trends



Cumulative volume

100 %
(compared to FY2021)

85 %
(compared to FY2019)



Cumulative volume

97.9 %
(compared to FY2020)

90.6 %
(compared to FY2019)

Respond to the risk of raw material price hikes and optimize the profit structure

Millions of yen

	2nd quarter					Full year								
	FY2021	Component ratio	FY2022	Component ratio	% (YoY)	Amount (YoY)	FY2021	Component ratio	FY2022(Forecast)	Component ratio	% (YoY)	Amount (YoY)		
Net sales	57,764	—	54,001	—	—	—	118,080	—	116,900	(2,400)	114,500	—	—	
Ref : The conventional standard			58,113	—	0.6%	349			125,100	(2,300)	122,800	—	4.0%	4,719
			Difference						(8,200)	(100)	(8,300)			
Segment profit	3,363	5.8%	1,368	2.5%	(59.3%)	(1,995)	6,267	5.3%	5,950	(2,500)	3,450	3.0%	(45.0%)	(2,817)
Depreciation	1,939		2,232		15.1%	292	4,028		4,800		4,650		15.4%	621

(From January 21st to July 20th)

- ✓ Competition for vending machine locations has intensified, but our customer-oriented sales format has borne fruit as we continued to increase the number of locations
- ✓ Roll-out to all direct sales (DyDo Beverage Service, Inc.) sites completed in May
- ✓ The early end to the rainy season and the coming of extremely hot weather, while not enough to cover shortcomings in the first quarter, meant that there were strong sales from the period from May 21 to June 20 onward
- ✓ Soaring coffee bean procurement prices impacted profit
- ✓ Energy costs and other costs are rising
- ✓ From October 1, we will raise recommended retail prices on some products by between 9 and 25%; we will respond via adjustments to vending machine prices while probing the effectiveness of market prices

Sales by channel

Millions of yen / thousand of Cases

		FY2021	FY2022		
			% (YoY)	Amount (YoY)	
Net sales*	Vending machine	46,107	46,281	0.4%	174
	Distribution • Export	9,513	9,618	1.1%	104
	Home Shopping Sales of Supplements	2,143	2,214	3.3%	71
	Total	57,764	58,113	0.6%	349
Cases	Vending machine	20,674	20,314	(1.7%)	(360)
	Distribution • Export	4,226	4,163	(1.5%)	(62)
	Total	24,901	24,478	(1.7%)	(423)

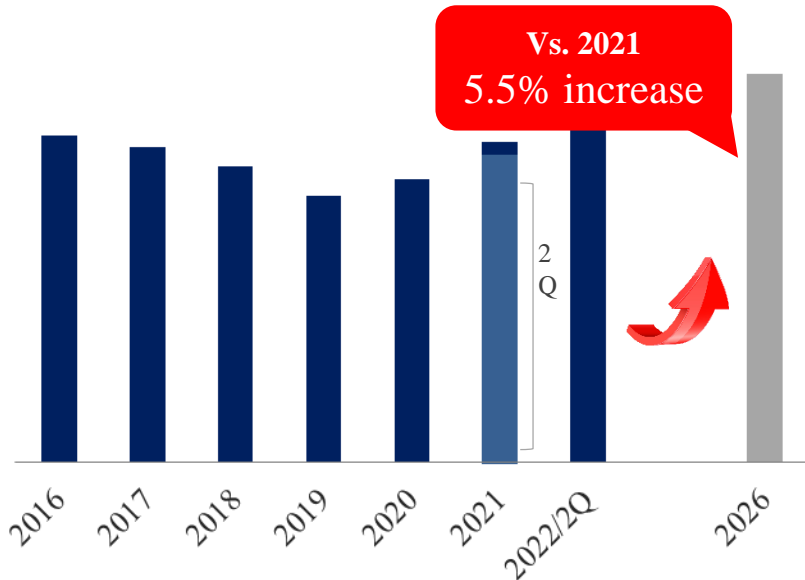
* The conventional standard

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

Increased no. and quality of new locations

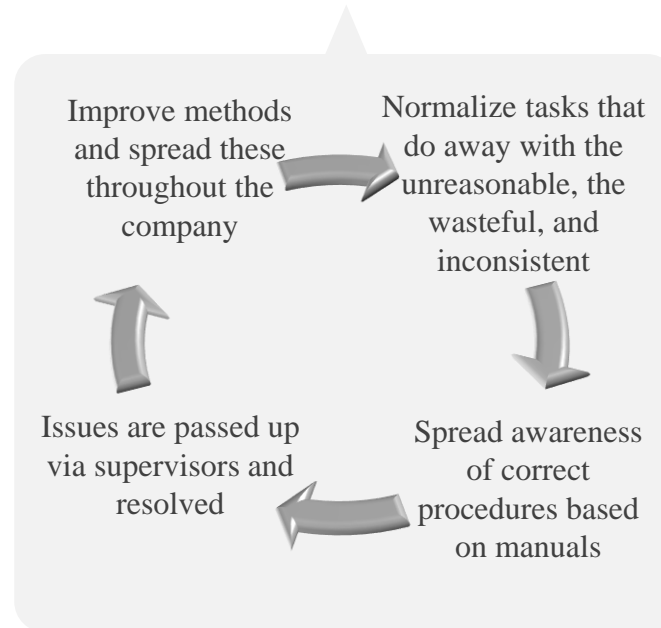
- Maintained an increase in the number of new vending machine locations
- Increased the number of employees in remote sales teams

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

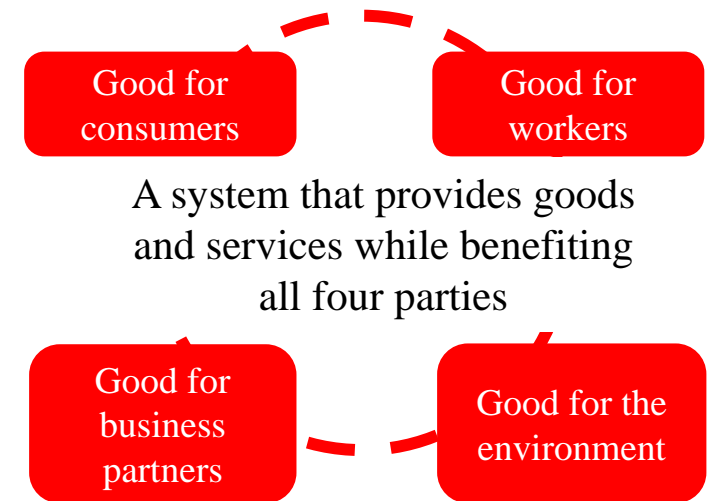


Completed the roll-out of smart operations

- 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



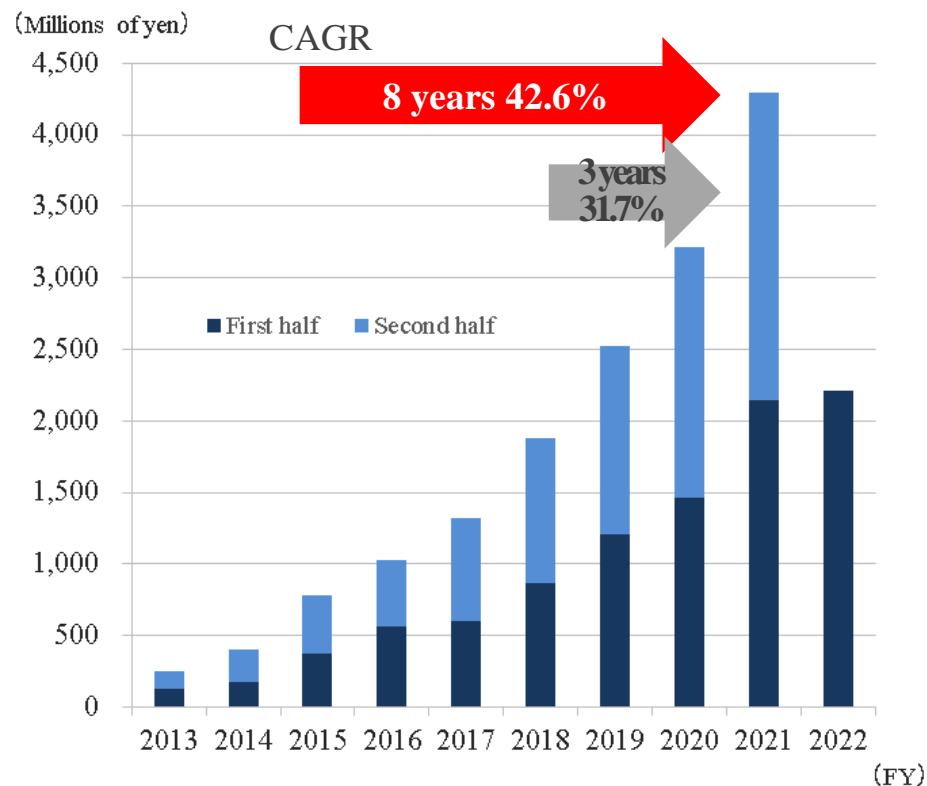
Smart operations concept



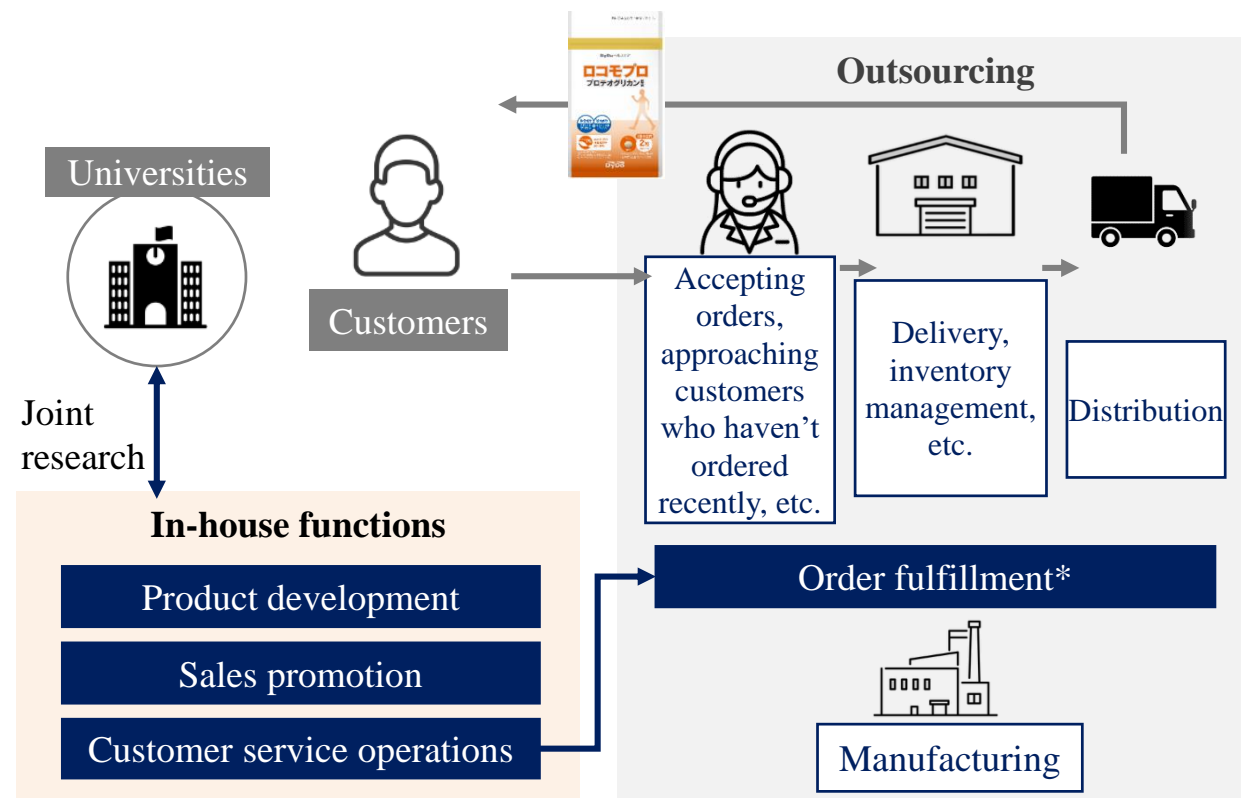
Through appropriate investment in advertising, particularly for “Locomo Pro,” we can increase the number of regular customers we attract

Trends in sales in the home shopping channel

- Continue expanding sales of our main driver, “Locomo Pro”
 - Create new content to improve the effectiveness of TV commercials



Asset-light operations



*Integrated home shopping sales process: accepting orders and answering inquiries, to taking payment, managing stock, logistics, and after-sales services

Overview by Segment

International Beverage Business



We decided to adjust prices and achieved a major increase in sales. However, despite improvements to profitability, the application of hyperinflationary accounting meant decreased revenue

Millions of yen

	2nd quarter						Full year							
	FY2021		FY2022		% (YoY)	Amount (YoY)	FY2021		FY2022(Forecast)		Component ratio	% (YoY)	Amount (YoY)	
		Component ratio		Component ratio			(Year-beginning announcements)	Difference from revised						
Net sales	5,711	—	9,281	—	—	—	12,777	—	9,200	11,900	21,100	—	—	—
Ref : The conventional standard			8,616						—	—	17,600			
			Differences arising from the application of hyperinflation accounting		50.9%	2,904			—	—	3,500	—	37.7%	4,822
Operating profit before subtracting amortization of goodwill, etc.	(279)	(4.9%)	—	—	—	—	(393)	(3.1%)	(34)	—	—	—	—	—
Amortization of goodwill, etc.	73	1.3%	—	—	—	—	135	1.1%	65	—	—	—	—	—
Segment profit	(352)	(6.2%)	(735)	(7.9%)	—	(382)	(528)	(4.1%)	(100)	(800)	(900)	(4.3%)	—	(371)
Ref : The conventional standard			(61)						—	—	(100)			
			Differences arising from the application of hyperinflation accounting		—	291			—	—	(800)		—	428
Depreciation	267		358		34.3%	91	496		300		750		51.2%	253
JPY per TRY	13.44yen		8.21yen		(5.23yen)		12.44yen*		6.00yen	1.50yen	7.5yen*		(4.94yen)	
JPY per CNY	16.76yen		19.16yen		2.40yen		17.13yen		16.50yen	3.00yen	19.50yen		2.37yen	

*at the end of the period (Others are average rates for the period)

(From January 1st to June 30th)

(Turkey)

- ✓ Price rises led to sales (on a local currency basis) approx. 2.4 times higher than in the previous fiscal year (prior to application of the new standard)
- ✓ Despite the weakening of the lira, rising crude oil prices, and the effects of inflation, we focused our energies on improving profitability in our operations and stabilizing business performance

(Other areas)

- ✓ In China, sales grew, including for locally manufactured products
- ✓ For Russia, we decided on a complete withdrawal, including from our investigation into the feasibility of using the country as a sales base for exports from Turkey

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+ 9 %)

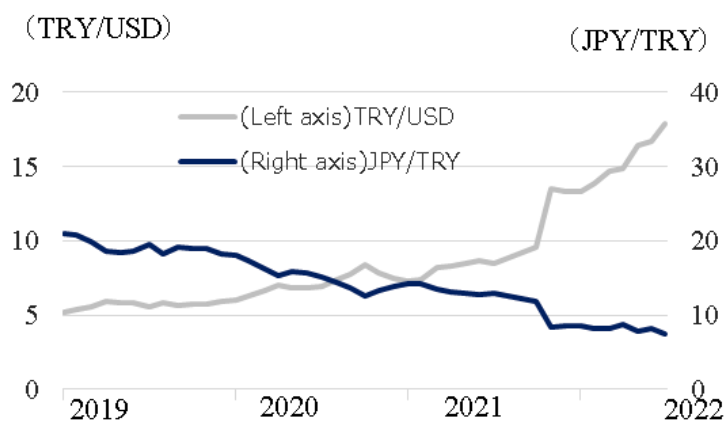
		1 Q	2Q	3Q	4Q	cumulative
FY2022	vs.2021	208%	314%			271%
	vs.2019	229%	347%			299%
	exchange rate	8.37yen	8.21yen			8.37yen
FY2021	vs.2019	110%	110%	131%	180%	131%
	exchange rate	13.98yen	13.44yen	13.25yen	12.44yen	12.44yen



Selling local own brands in Turkey

*YoY change in 2Q before application of hyperinflation accounting;275% (cumulative total;248%)

Trends in value of the Turkish lira

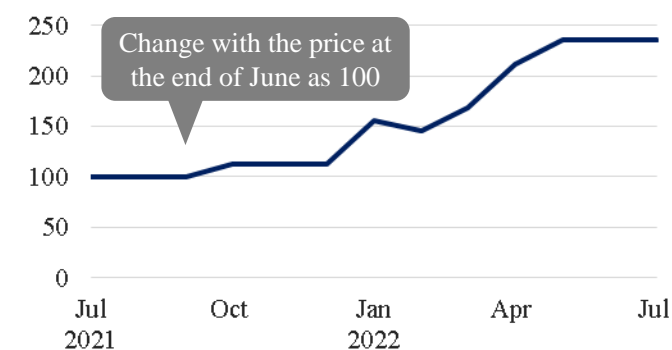


Inflation rate



Trends in sales prices

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



Despite higher manufacturing costs, strong orders for pouch products led to higher sales and profits.

Millions of yen

	2nd quarter					Full year							
	FY2021		FY2022			FY2021		FY2022(Forecast)					
	Component ratio		Component ratio	% (YoY)	Amount (YoY)	Component ratio	(Year-beginning announcements)	Difference from revised	Component ratio	% (YoY)	Amount (YoY)		
Net sales	5,682	—	5,956	—	—	11,133	—	11,500	0	11,500	—	—	
Ref : The conventional standard			6,037	—	6.3%	355		11,650	50	11,700	—	5.1%	566
			(81)					(150)	(50)	(200)			
Segment profit	49	0.9%	66	1.1%	36.1%	17	(19)	50	—	50	0.4%	—	69
Depreciation	593		587		(1.2%)	(6)	1,190	1,200		1,200	0.8%	9	

(From January 21st to July 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
- ✓ Dramatic raw material price increases will largely be covered by new prices in the latter half of the fiscal year onward. Manufacturing expenses, such as energy bills related to factory operations, are growing and efforts to absorb those costs are continuing
- ✓ 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

DAIDO Yakuhin's Plants

	Product format	Yearly production capacity	
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

Demand among those recuperating at home due to the pandemic has grown, while the early end to the rainy season led to positive sales. These were able to absorb rising costs

Millions of yen

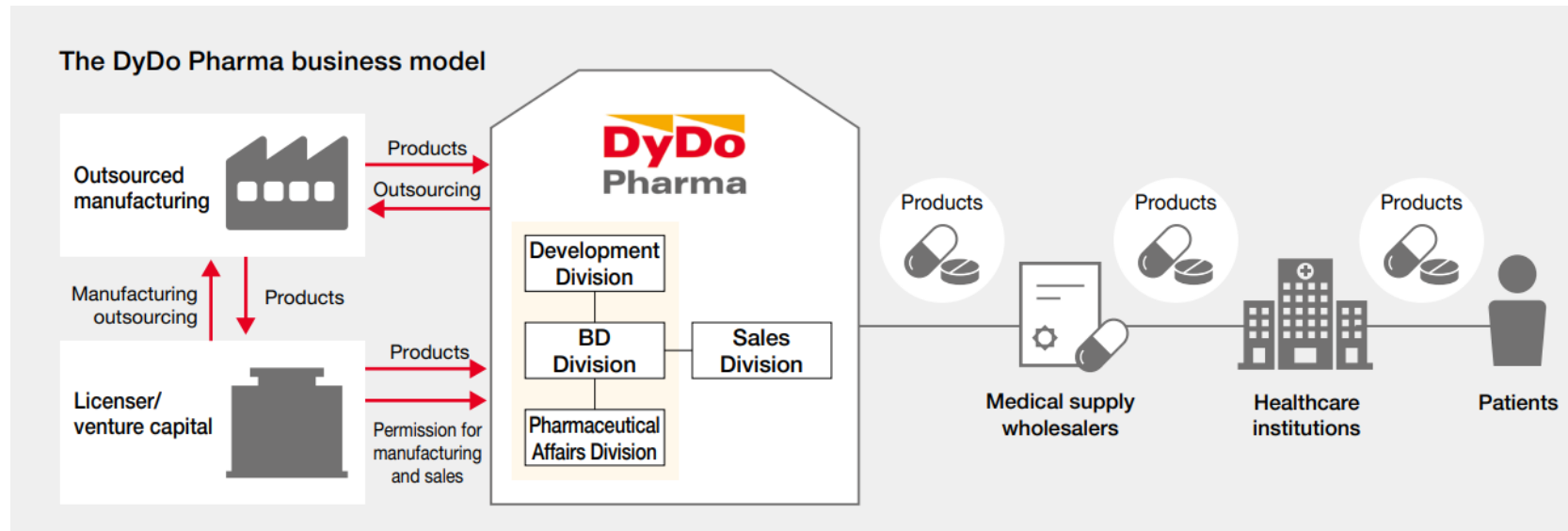
	2nd quarter					Full year						
	FY2021	Component ratio	FY2022	Component ratio	% (YoY)	Amount (YoY)	FY2021	Component ratio	FY2022(Forecast)	Component ratio	% (YoY)	Amount (YoY)
								(Year-beginning announcements)	Difference from revised			
Net sales	11,088	—	10,844	—	—	—	21,165	—	19,000	0	19,000	—
Ref : The conventional standard			11,980	—	8.0%	891		21,150	(50)	21,100	—	(0.3%)
Difference			(1,136)					(2,150)	50	(2,100)		
Operating profit before subtracting amortization of goodwill, etc.	980	8.8%	1,084	10.0%	10.6%	103	1,311	6.2%	1,052	—	1,052	5.5%
Amortization of goodwill, etc.	175	1.6%	175	1.6%	0.0%	0	351	1.7%	352	—	352	1.9%
Segment profit	804	7.3%	908	8.4%	12.9%	103	959	4.5%	700	—	700	3.7%
Depreciation	407		420		3.1%	12	815		1,000		1,000	22.6%

(From January 1st to June 30th)

- ✓ Sales in the dry jelly market have grown 5% over the previous fiscal year (down 9% on FY2019 figures) and we outperformed the rest of the market
- ✓ The diversification of desserts offered at convenience stores has meant that sales of Tarami jellies to those outlets have continued to decrease but sales to mass retailers have grown, as a result of demand for those recuperating at home due to the pandemic and greater sales space; sales through international sales channels have also grown rising raw material and personnel costs were covered by the rise in sales
- ✓ Rise in raw material and personnel expenses offset by sales increase
- ✓ Taking into account the expansion of demand, we strove to raise production levels but demand continued to far exceed supply, and on July 19, 2022, we had to announce a sudden halt to sales for six flagships SKU
- ✓ As raw material prices, including those used for containers and packaging, as well as logistics costs, are predicted to continue to rise, from October 1, 2022, we will raise the recommended retail price of products by between 8 and 20%

Acquired a first-class marketing license for pharmaceuticals, second-class marketing license for pharmaceuticals, and a marketing license for Gene, Cellular, and Tissue-based Product

Business model



Development pipeline (as of August 2022)

● DYD-701

Expected indication : Familial LCAT deficiency

A physician-led test is now being conducted at Chiba University targeting patients with familial LCAT deficiency

● DYD-301 (amifampridine)

Expected indication : Lambert-Eaton myasthenic syndrome (LEMS)

Amifampridine has been designated an orphan drug by the MHLW, and currently in Japan it has been placed on a list of drugs in development or clinical development that seek pharmaceutical approval



04 Working toward Sustainable Growth

We established three priority environmental targets to help us make effective use of limited resources

Priority environmental targets for a recycling-oriented society

Priority goal



Empty-container collection rate

To achieve
100% by 2030

Empty-container collection rate: collection implemented in collaboration with other companies is included
Calculation basis: weight of the relevant containers collected / weight of the relevant containers shipped
Relevant containers: plastic bottles, glass bottles, aluminum cans and steel cans

Priority goal



Our plastic containers sustainable*

We will make more than **60% by 2030**

* plant-based or recycling based materials

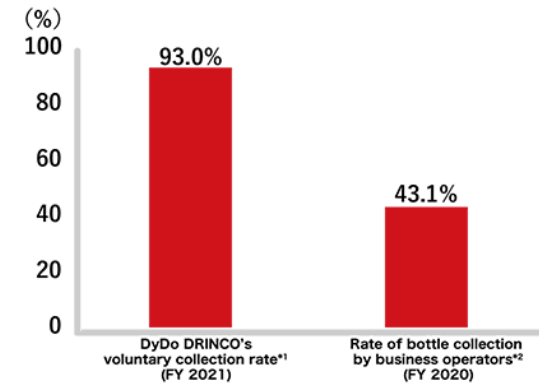
Priority goal



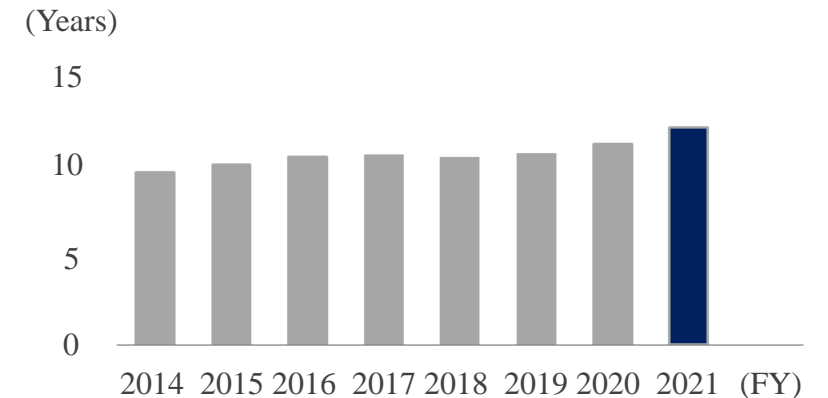
Service life extension of vending machines

To achieve an average service life of **15 years by 2030**

Empty-container collection rate




Average service life of vending machines (years)



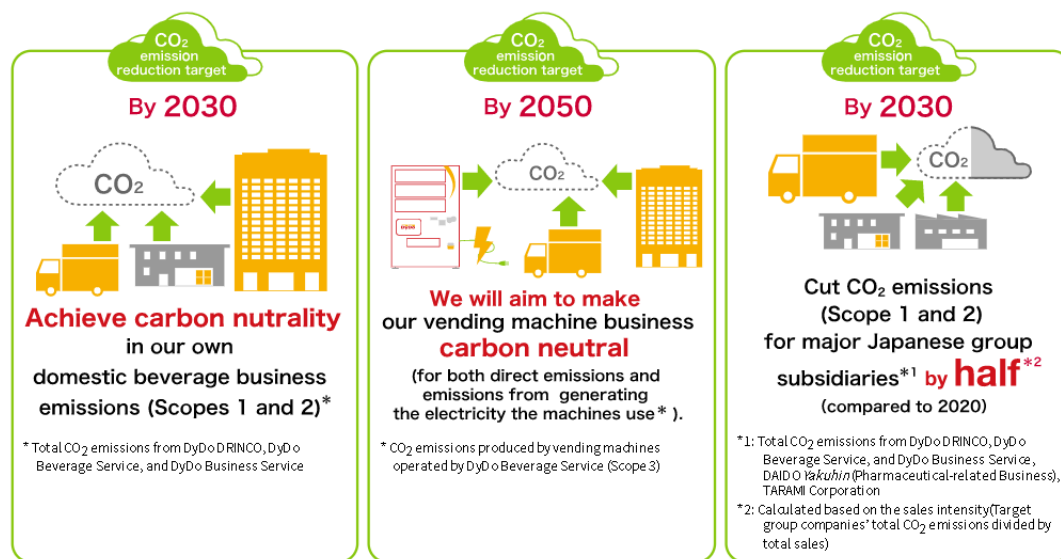
Follow the link or QR code below to see more about environmental considerations in the vending machine business

https://www.dydo-ghd.co.jp/en/sustainability/eco/vending_machine_business/



We are promoting initiatives in conjunction with business partners in various aspects of the vending machine business to help decarbonize society

CO2 emission reduction target to contribute to decarbonizing society



* 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

Actual CO2 emissions (FY2021)

	Scope1	Scope2	Total	Scope3
Domestic Beverage Business	7,268 86.8%	1,379 109.0%	8,648 89.7%	94,890 97.4%
Pharmaceutical-related Business	8,058 106.0%		8,058 106.0%	97.4%
Food Business	8,199 104.7%		8,199 104.7%	
Total	24,904 99.3%		24,904 99.3%	94,890 97.4%

*Percentages are change from the base year

Actual CO2 emissions: the sales intensity (FY2021)

	Scope1	Scope2	Total	Scope3
Domestic Beverage Business	0.06 84.9%	0.01 106.7%	0.07 87.8%	0.80 97.4%
Pharmaceutical-related Business	0.72 98.3%		0.72 98.3%	
Food Business	0.39 103.4%		0.39 103.4%	
Total	0.17 96.9%		0.17 96.9%	0.80 97.4%

*Percentages are change from the base year

Taking our carbon neutral measures to be a fundamental value, we are developing added-value that meets customer needs and allows us to start developing vending machines that can create a sustainable future with customers

Fundamental value

Using renewable energy non-fossil fuel certificates equal to the amount of annual vending machine electricity consumption, we will reduce CO2 emissions for vending machines during operation to virtually zero



Example of added-value

Forestry project will help to conserve regions' natural environments



Customers have expressed their desire for less plastic waste and in response we have expanded our line-up of aluminium bottle drink products



We developed six products in the Love the Earth series

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**

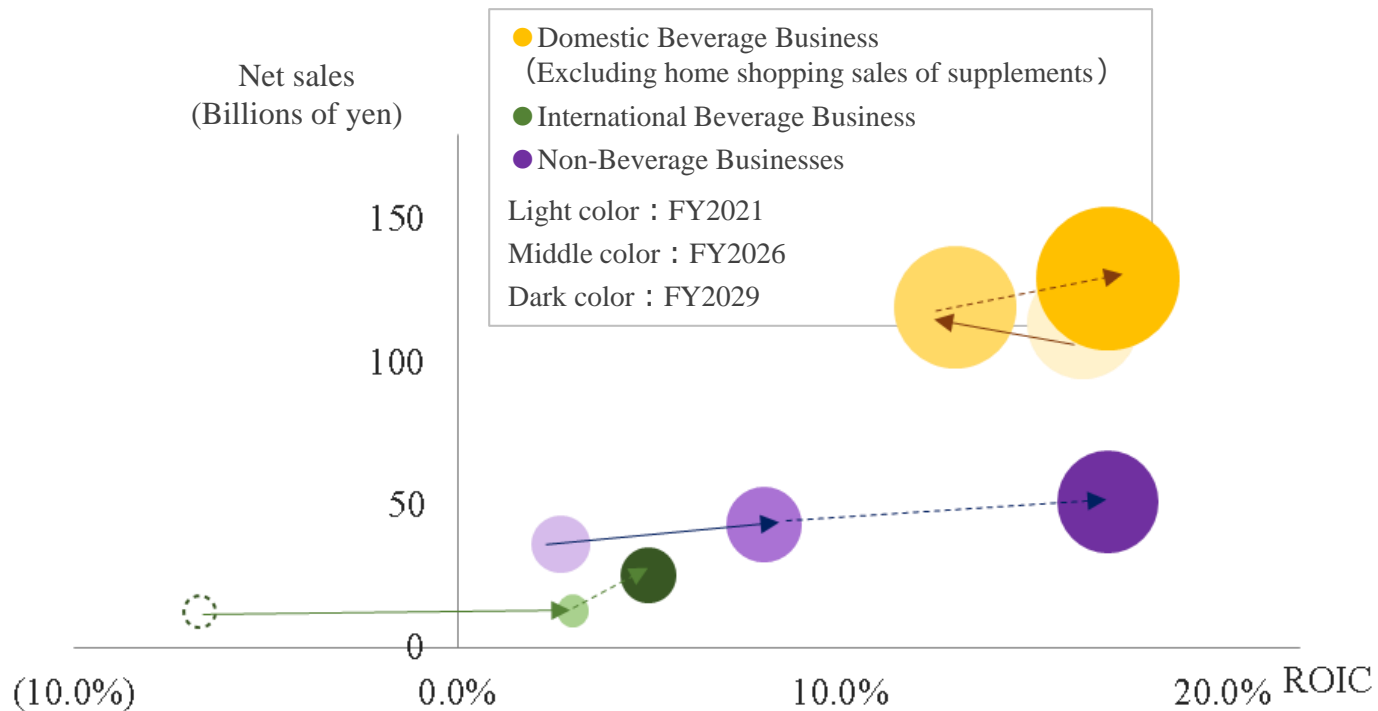
Partial excerpt from Mid-term Business Plan 2026, disclosed at January 14,2022

*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

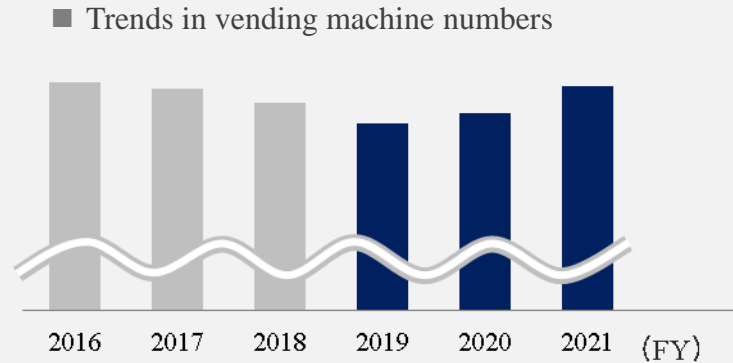
Strengthening and developing non-beverage segments

- 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

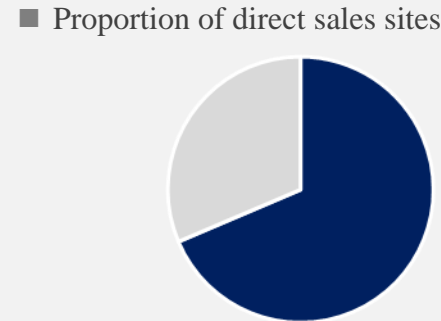
(1) Renewing growth in the Domestic Beverage Business/ Domestic Beverage Business

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

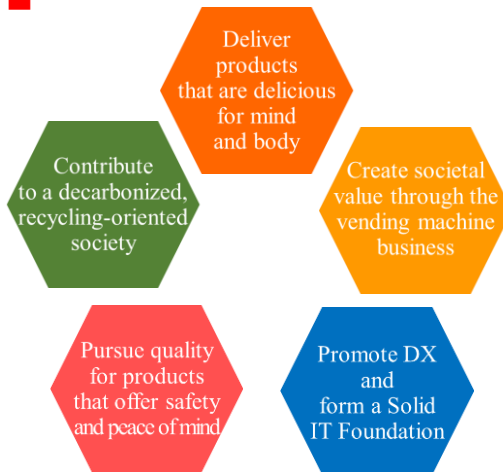
Maximizing per machine sales and the effectiveness (in terms of speed and scale) of our smart operations

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%

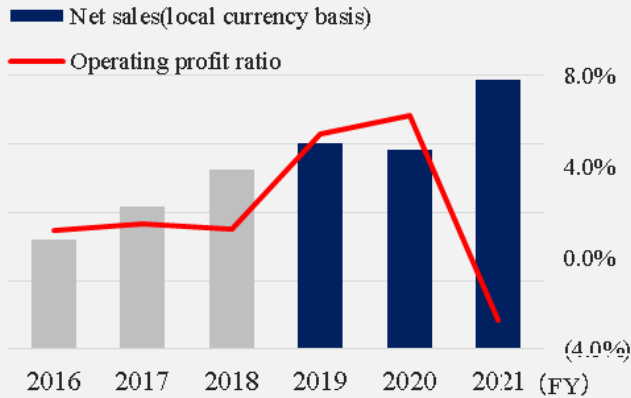
*A vending machine operations staff

*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)

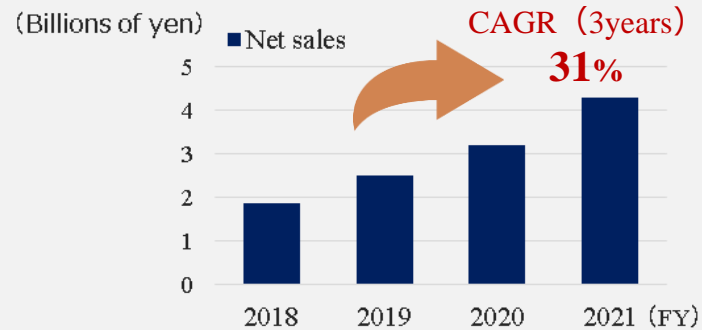


Result of the 2021 plan

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

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

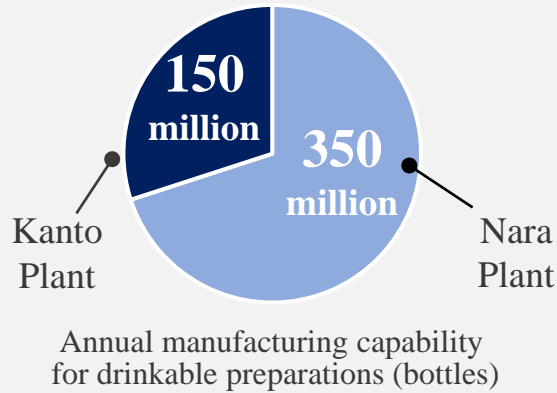
*Receiving orders, processing payments, inventory management, logistics, and other processes up to after-sales follow-up. At DyDo DRINCO these are each outsourced

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

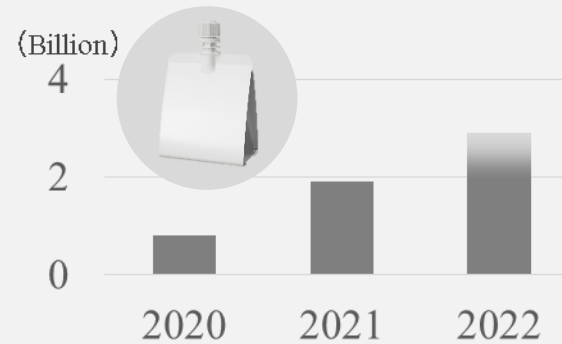
(3) Strengthening and developing non-beverage segments / Pharmaceutical-related Business

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 *	

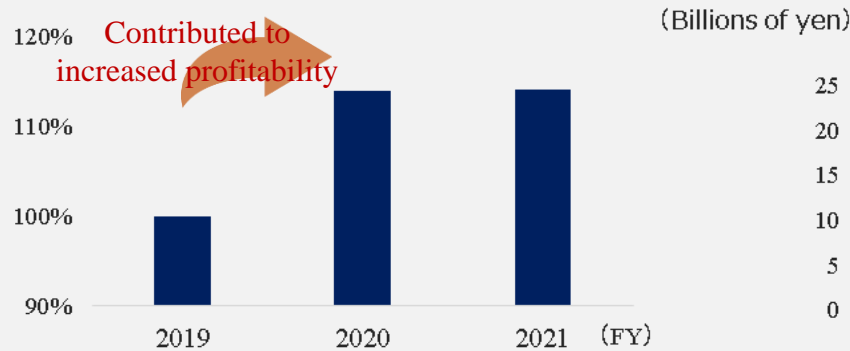
*The actual number isn't disclosed

the 2026 plan

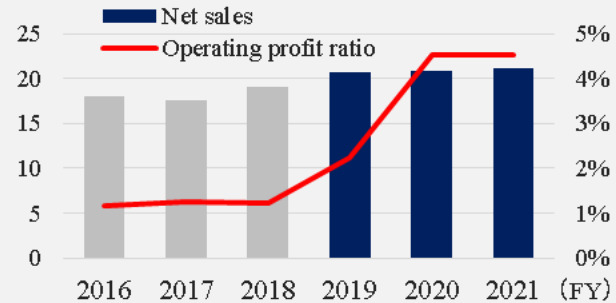
Result of the 2021 plan

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

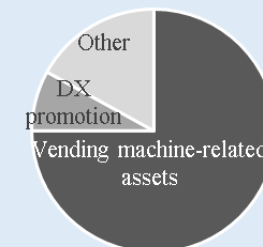
5-year accumulated
cash flows:
60 billion yen or more

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