



# **FY2022 (Year Ended January 20, 2023) Financial Highlights**

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**DyDo Group Holdings, Inc.**

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

**March 3, 2023**

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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. In these materials, we refer to this as **“revenue recognition standard.”**

## Relevant segment

Domestic Beverage Business

Food Business

Pharmaceutical-related Business

## Financial data notes

- 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
<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

# 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

# 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	569
Cost of sales	
Gross profit	
SG&A	
Depreciation	
Operating profit	(1,144)
Non-operating expenses	272
Ordinary profit	(1,423)
Corporation tax, etc.	
Net profit	(1,784)

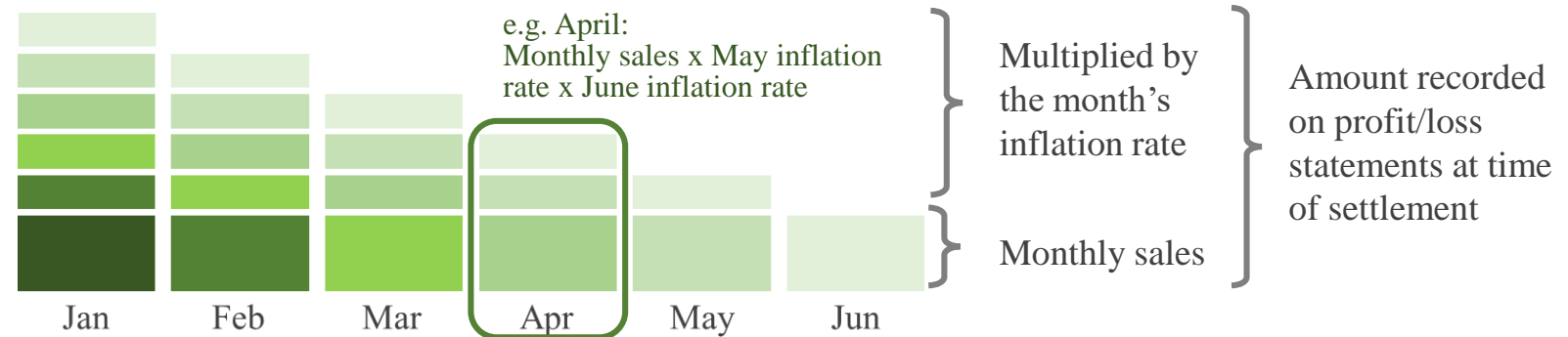
Multiplied by monthly inflation rates to create local financial statements

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)



- **In fiscal 2022, influenced by dramatic raw material price increases, profits were restricted but sales totaled 170,531 million yen (4.9% increase) on an operational basis\*. We made steady progress in initiatives aimed at establishing an advantage in the vending machine market**
  - ✓ We completed a companywide rollout of the smart operation structure
  - ✓ We maintained an upward trend for the number of vending machine locations
  - ✓ Since October we have been carrying out price revisions as we predict that costs will continue to rise
  - ✓ We signed a comprehensive business alliance agreement with Asahi Soft Drinks for the vending machine business
- **In fiscal 2023, we will continue to promote initiatives aimed at renewed growth in the vending machine channel, and we aim to achieve sales of 212,800 million yen (33.4% increase), and operating profit of 2,700 million yen (45.8% increase) on an operational basis\***
  - ✓ Additional upward price revisions (including raising some prices for the second time) will allow us to optimize our revenue structure
  - ✓ We promote vending machine network expansion that does not rely on financial conditions—the conditions related to money we establish during negotiations with location owners
  - ✓ We put in place a framework for Dynamic Vending Network
  - ✓ We create steady profit in non-beverage businesses

\*On a basis where comparison with the previous fiscal year is possible, excluding the impact of the application of the Accounting Standard for Revenue Recognition and hyperinflation accounting



# 01 FY2022 Financial Highlights

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# Overview of Consolidated Financial Results for FY2022



While rising costs have had an impact, each segment has managed to achieve increased revenue

We made steady progress in initiatives aimed at establishing an advantage in the vending machine market

- We completed a companywide rollout of the smart operation system
- We maintained an upward trend for the number of vending machine locations
- Since October we have been carrying out price revisions as we predict that costs will continue to rise
- We signed a comprehensive business alliance agreement with Asahi Soft Drinks for the vending machine business

Millions of yen

	Full year									
	FY2021 Results		Ref : The conventional standard				Results			
		Component ratio		Component ratio	% (YoY)	Revenue Recognition	Hyperinflation accounting		Component ratio	% (YoY)
Net sales	162,602	100.0%	170,531	100.0%	4.9%	(10,969)	569	<b>160,130</b>	100.0%	-
Operating profit	4,581	2.8%	1,851	1.1%	(59.6%)	-	(1,144)	<b>707</b>	0.4%	(84.6%)
Ordinary profit	5,651	3.5%	2,015	1.2%	(64.3%)	-	(1,423)	<b>591</b>	0.4%	(89.5%)
Profit (loss) attributable to owners of parent	3,974	2.4%	1,276	0.7%	(67.9%)	-	(1,784)	<b>(507)</b>	(0.3%)	-
EPS	254.20yen						<b>(32.40yen)</b>			
Dividend per share	60yen						<b>60yen</b>			

\* The impact of the adoption of the revenue recognition standard on operating profit, ordinary profit, and profit attributable to owners of parent is immaterial.



# FY2022 Consolidated Earnings (by Segment)



Millions of yen

	Full year						
	FY2021 Results	FY2022			Results	% (YoY)	Amount (YoY)
		Ref : The conventional standard	% (YoY)	Impact on performance*			
Domestic Beverage Business	118,080	118,467	0.3%	(8,696)	<b>109,770</b>	—	—
International Beverage Business	12,777	18,339	43.5%	569	<b>18,909</b>	—	—
Pharmaceutical-related Business	11,133	12,696	14.0%	(173)	<b>12,522</b>	—	—
Food Business	21,165	21,664	2.4%	(2,098)	<b>19,565</b>	—	—
Orphan Drug Business	—	—	—	—	<b>—</b>	—	—
Adjustment	(553)	(636)	—	—	<b>(636)</b>	—	—
Total net sales	162,602	170,531	4.9%	(10,400)	<b>160,130</b>	—	—
Domestic Beverage Business	6,267				<b>2,758</b>	(56.0%)	(3,509)
International Beverage Business	(528)	52	—	(1,144)	<b>(1,091)</b>	—	(562)
Pharmaceutical-related Business	(19)				<b>347</b>	—	367
Food Business	959				<b>765</b>	(20.2%)	(193)
Orphan Drug Business	(573)				<b>(499)</b>	—	73
Adjustment	(1,524)				<b>(1,573)</b>	—	(49)
Total operating profit	4,581	1,851	(59.6%)	(1,144)	<b>707</b>	(84.6%)	(3,873)

\*International Beverage Business figures are those before application of hyperinflation accounting, figures for other businesses are those before application of the revenue recognition standard

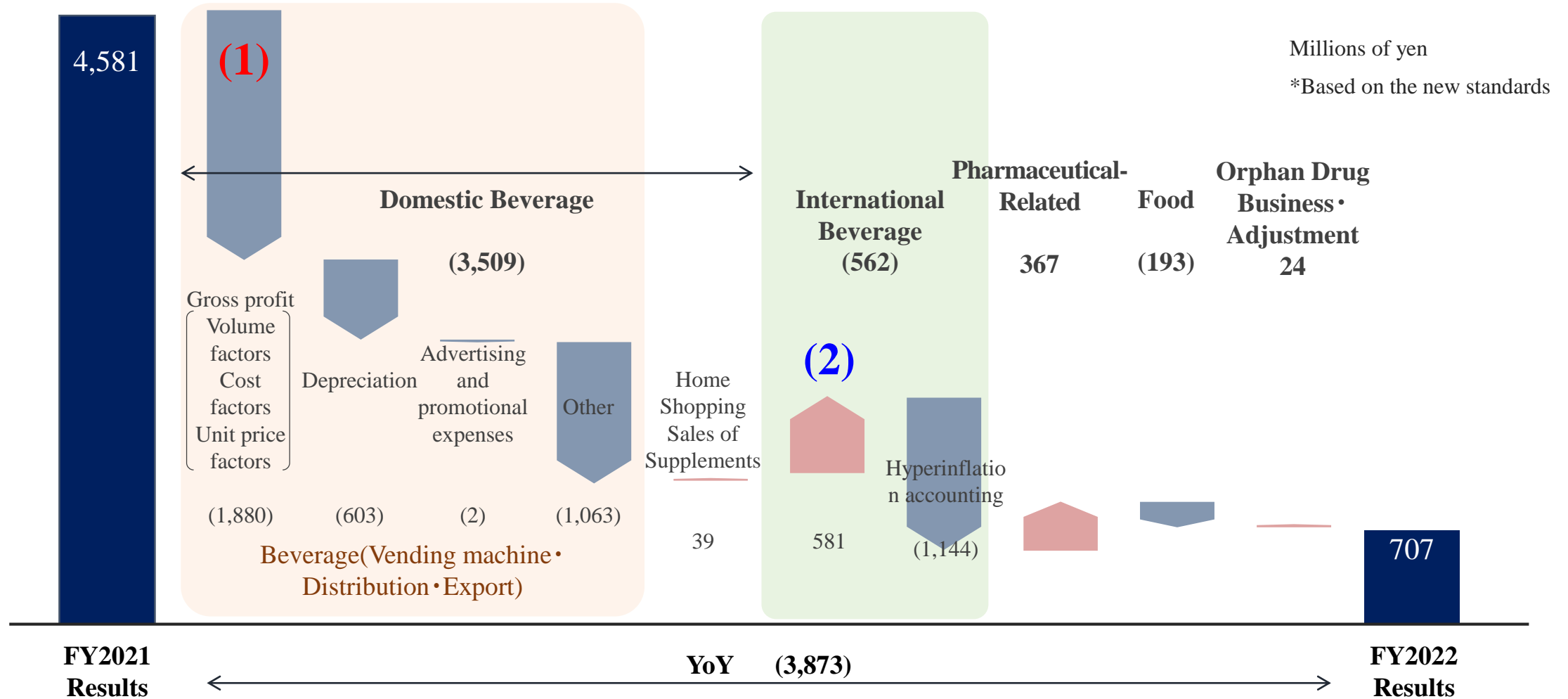
- Domestic Beverage Business**
  - Improvements to average unit prices and growth in home shopping sales of supplements led to increased revenue. Rising prices of coffee beans and other materials had a negative impact
  - Price revisions have been carried out since October, and in 4Q sales unit prices improved
- International Beverage Business**
  - We carried out price revisions in Turkey in anticipation of rising costs. On an operational basis, the segment returned to profitability
  - The application of hyperinflation accounting caused the segment loss.
- Pharmaceutical-related Business**
  - Orders for pouch products and drinkable preparations were positive, and achieved record sales
  - Dramatic raw material price increases were offset by amending prices and larger numbers of orders
- Food Business**
  - Positive sales, resulting from demand among those recuperating at home in the first half of the fiscal year, alternative demand for other food price increases and an early end to the rainy season, contributed to increased revenue
  - Rising costs (raw materials and energy costs) have impacted on profit

# Factors Contributing to Changes in Operating Profit in FY2022 : Compared to the Previous Year



The Domestic Beverage Business was affected by dramatic raw material price increases. In 4Q, we had some success with price revisions (1)

The International Beverage Business was affected by the application of hyperinflation accounting, but continuous price revisions and controls on cost rises meant that profitability improved greatly (2)





## 02 FY2023 Performance Plan by Segment

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# (Reference) FY2023 Full Year Performance Plan by Segment (before the application of hyperinflation accounting)



In the Domestic Beverage Business, the establishment of Dynamic Vending Network will lead to major increases in revenue, and price revisions to increased profit

In the International Beverage Business, revenue will be improved greatly on an operational basis (before the application of hyperinflation accounting)

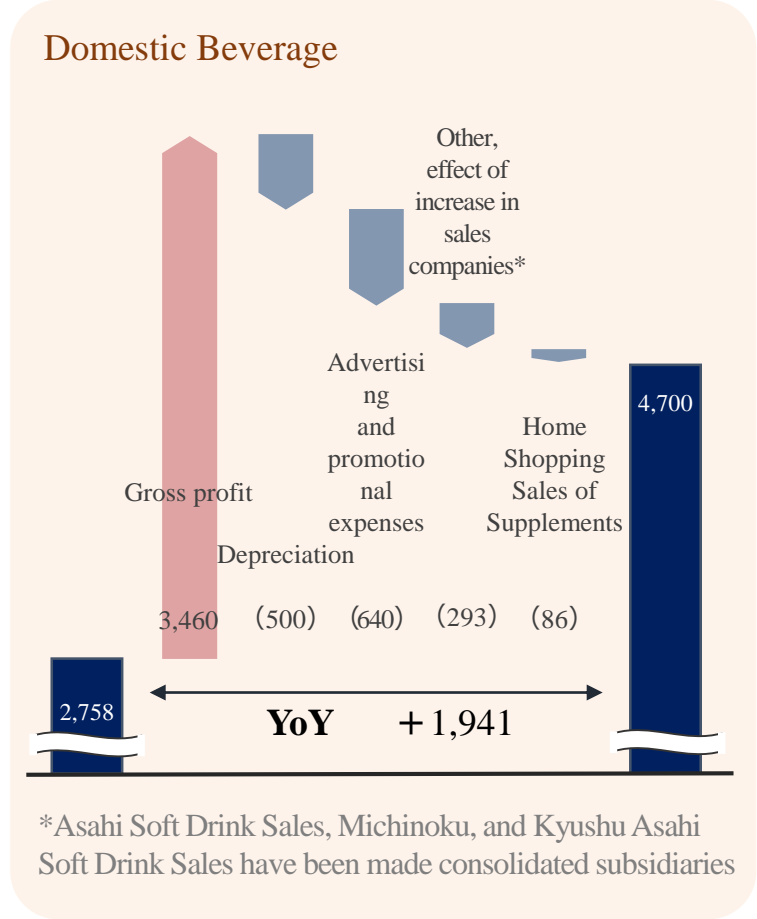
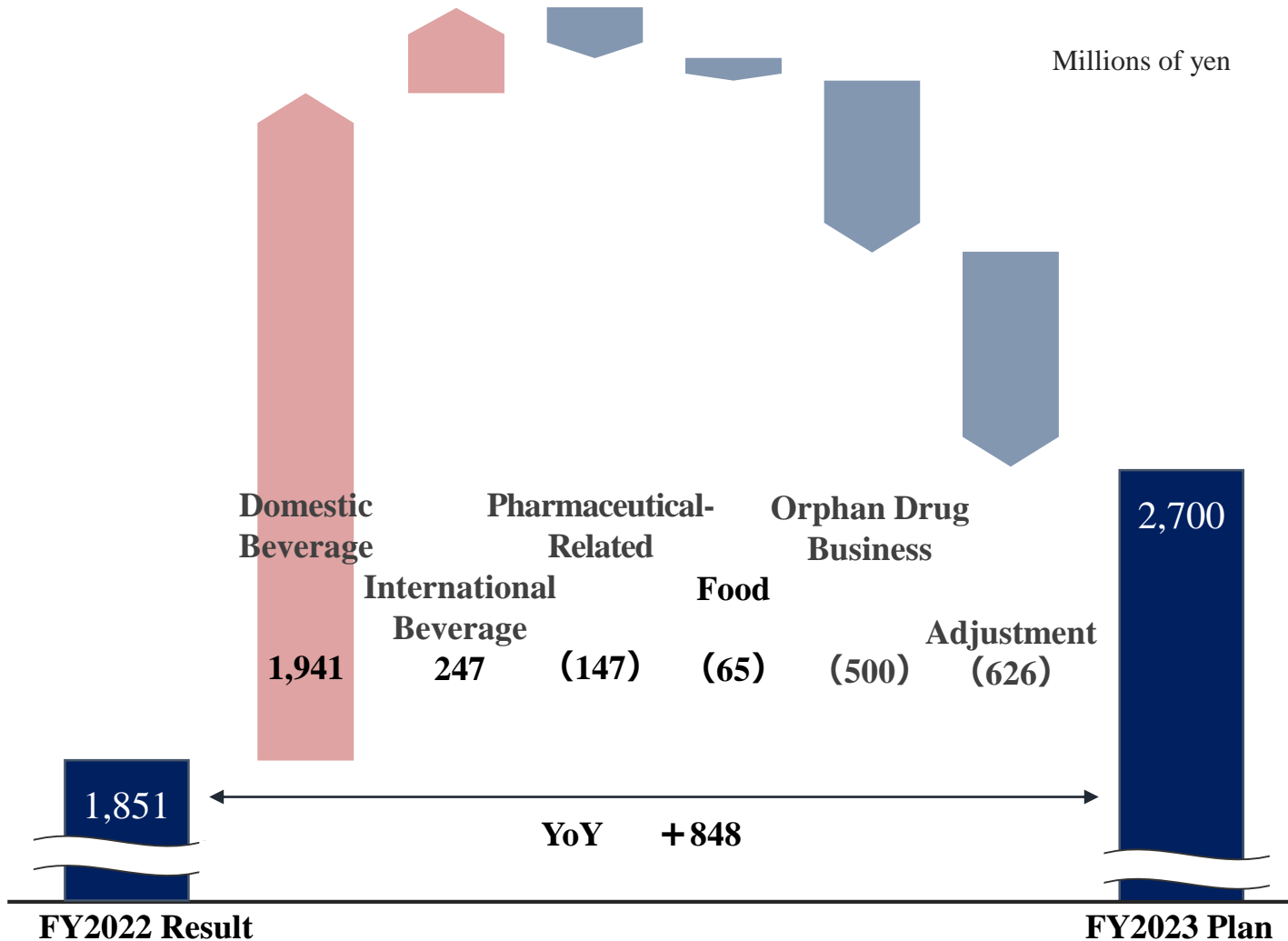
	Hyperinflation accounting		Millions of yen (Ref) Before application of hyperinflation accounting			
	Full year		Full year			
	FY2022 Results		FY2022 Results	FY2023 Forecasts		
				% (YoY)	Amount (YoY)	
Domestic Beverage Business	109,770		109,770	154,400	40.7%	44,629
International Beverage Business	18,909		18,339	26,700	45.6%	8,360
Pharmaceutical-related Business	12,522		12,522	13,000	3.8%	477
Food Business	19,565		19,565	19,300	(1.4%)	(265)
Orphan Drug Business	—		—	—	—	0
Adjustment	(636)		(636)	(600)	—	36
<b>Total net sales</b>	<b>160,130</b>		<b>159,561</b>	<b>212,800</b>	<b>33.4%</b>	<b>53,238</b>
Domestic Beverage Business	2,758		2,758	4,700	70.4%	1,941
International Beverage Business	(1,091)		52	300	466.6%	247
Pharmaceutical-related Business	347		347	200	(42.5%)	(147)
Food Business	765		765	700	(8.6%)	(65)
Orphan Drug Business	(499)		(499)	(1,000)	—	(500)
Adjustment	(1,573)		(1,573)	(2,200)	—	(626)
<b>Total operating profit</b>	<b>707</b>		<b>1,851</b>	<b>2,700</b>	<b>45.8%</b>	<b>848</b>

\*Domestic Beverage Business figures include sales increase of around 39 billion yen resulting from the increase in the number of consolidated subsidiaries.

# (Reference) Factors Contributing to Changes in Operating Profit (before the application of hyperinflation accounting)

## Improved profits for both the Domestic Beverage Business and International Beverage Business

Millions of yen



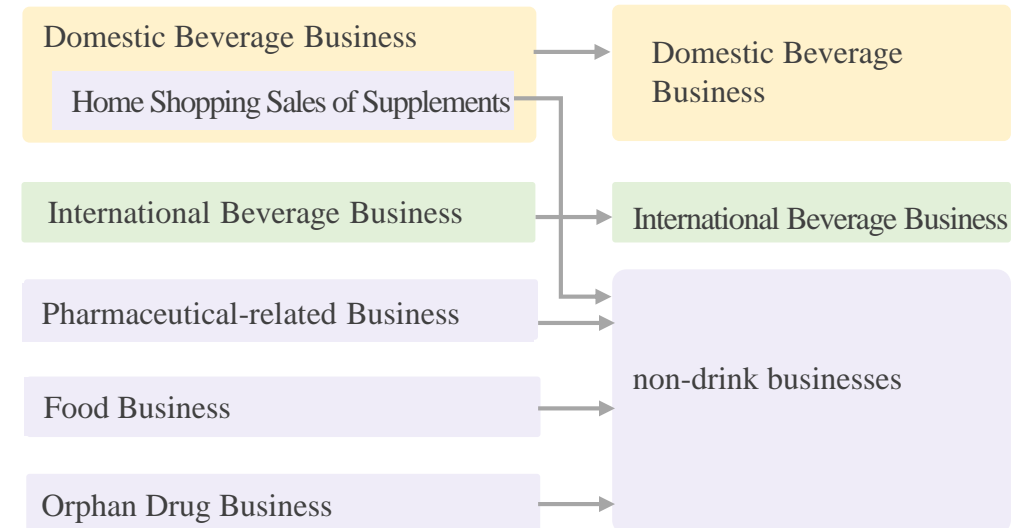
\*Asahi Soft Drink Sales, Michinoku, and Kyushu Asahi Soft Drink Sales have been made consolidated subsidiaries

## 03 Path to Achieving Group Mission 2030

### Reference: Business category

- Reporting segment

- Category under the basic policies of Group Mission 2030



## Offering delicious products for sound mind and body

### DyDo Group Corporate Philosophy

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

### DyDo Group Corporate Vision

#### Together with our customers.

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

#### Together with the next generation.

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

#### Together with society.

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

#### Together with our people.

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

### DyDo Group Slogan

こころとからだに、  
おいしいものを。



Offering delicious products  
for sound mind and body

Formulated in January 2019 as an ideal of where, and what, we want to be in 2030

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

### Together with our customers.



#### Nurturing our customers' health

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

### Together with society.



#### Taking the lead in social reform

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

### Together with the next generation.



#### Creating new value for future generations

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

### Together with our people.



#### Connecting people to people

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



# 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.



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

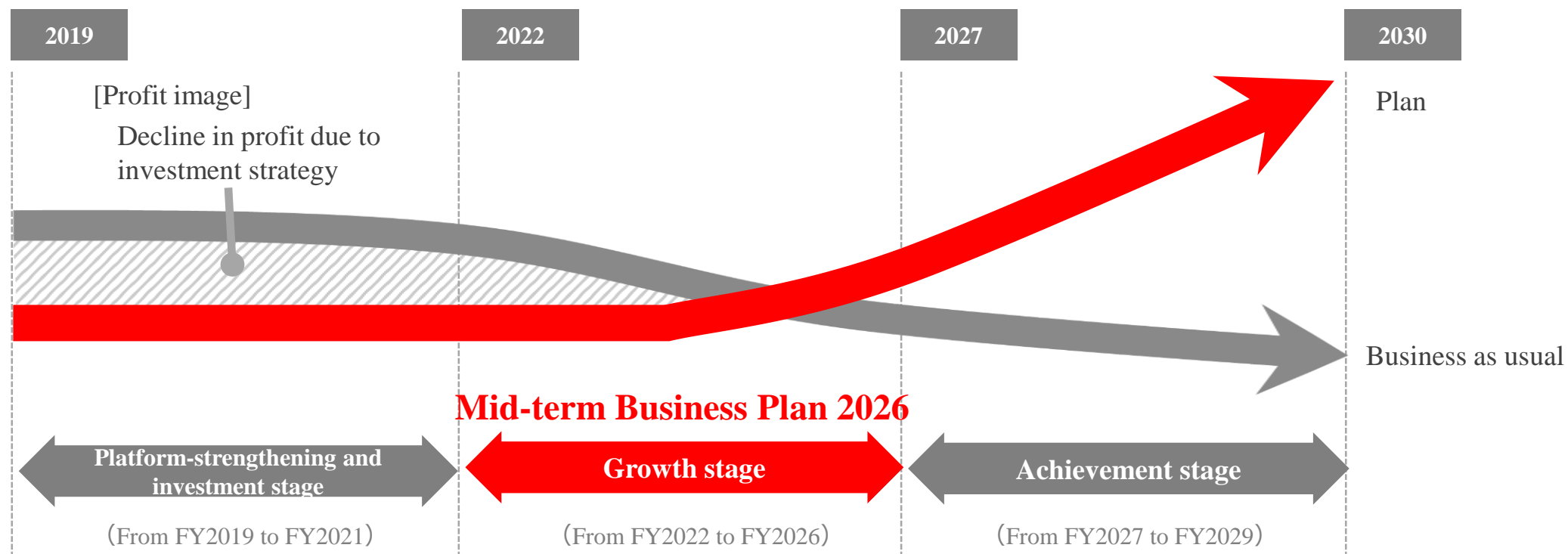
\*1 CO<sub>2</sub> emissions produced by vending machines operated by DyDo Beverage Service (Scope 3)

\*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

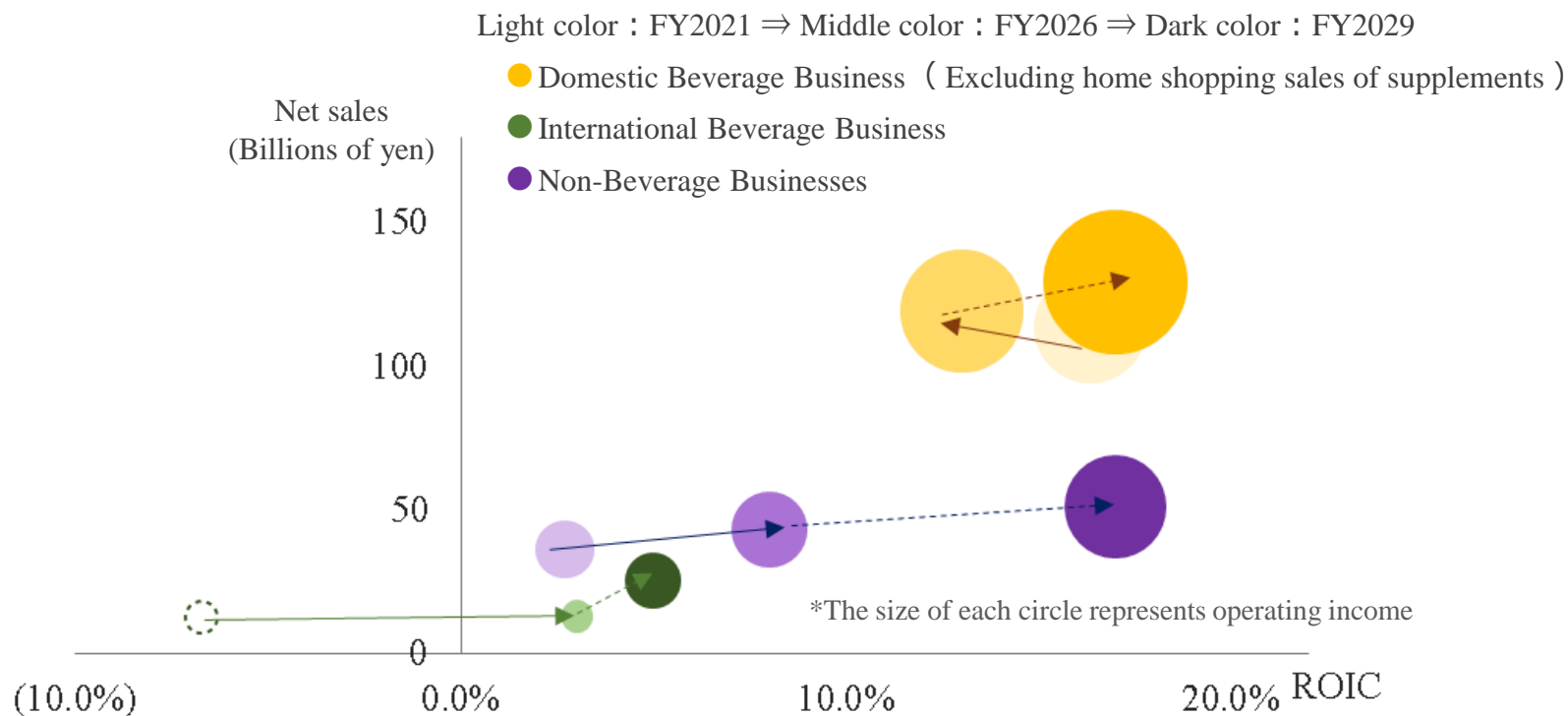
To ensure we achieve the goals of Group Mission 2030, we have divided the period up to 2030 into three stages



## 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

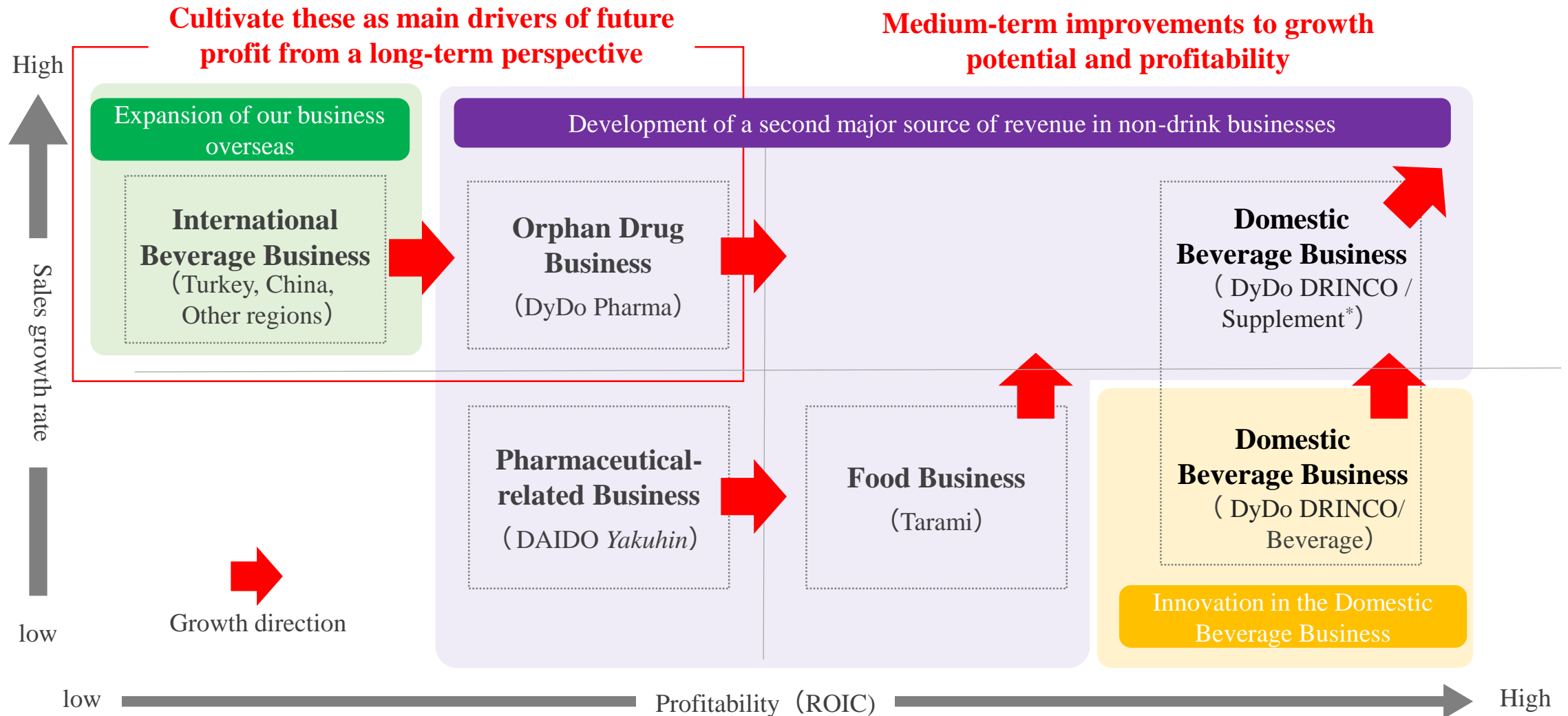
**4%**

Consolidated ROIC

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

**6%**

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.

# Optimization of the Revenue Structure in the Vending Machine Channel

In October 2022, we implemented price revisions on certain products, and we plan to undertake additional such revisions in May 2023

We are striving to reduce costs further, and to enhance profitability

## Enhancing sales prices

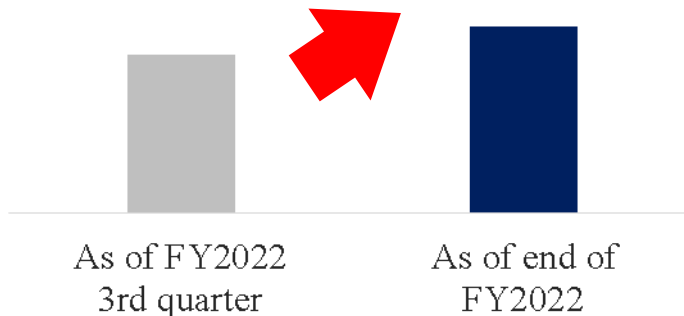
- From October 2022, we carried out price revisions for some products in turn, and most were completed by the end of fiscal 2022. Price revisions, principally for canned coffees, are scheduled for May 2023 (including raising some prices for the second time)
- With supporting vending machine convenience from consumers, the effect of these revisions on total sales volume was minimal

## Developing a network of vending machines where we foresee high per machine sales

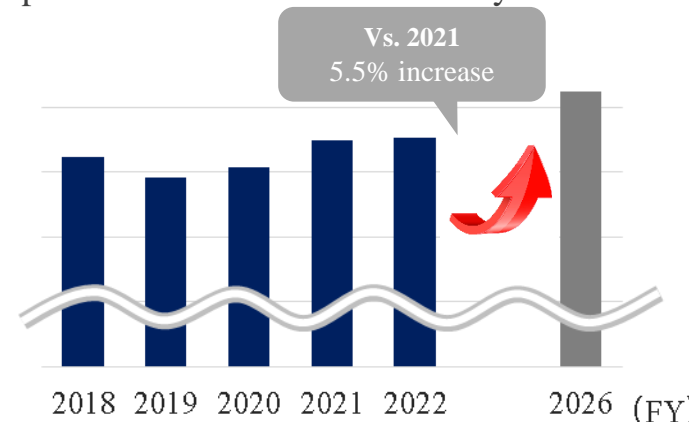
- We are strengthening our reviews of unprofitable machines, while increasing the number of vending machines
- While per machine sales for newly installed vending machines are improving, there are issues for improving per machine sales for all vending machines
- We are securing locations with high per machine sales through high-quality sales activities that do not rely on financial terms (p. 23)
- We will aim to improve per machine sales by increasing attractiveness of our product line-ups

## Further Evolution of Smart Operations (P.24)

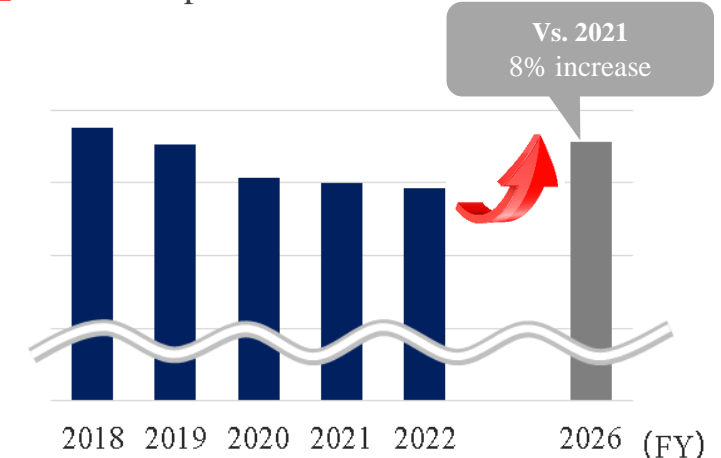
### Sales prices



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



### Trends in per machine sales

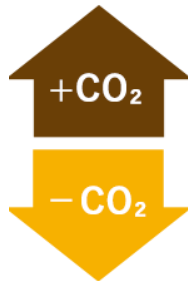


# Developing Machines Close to Our Customers

## We propose vending machines that are chosen by customers based on the attractiveness of the vending machine itself, rather than relying on the financial terms

### “LOVE the EARTH” Vendors

Using renewable energy non-fossil fuel certificates equal to the amount of annual vending machine electricity consumption, we will reduce CO<sub>2</sub> emissions for vending machines during operation to virtually zero



CO<sub>2</sub> emissions equal to the amount of annual vending machine electricity consumption

Purchase of renewable energy non-fossil fuel certificates

We also prepared different optional plans that cater to location owners' needs

- (1) Publishing carbon neutral certificates
- (2) Forestry projects
- (3) Line-up of aluminium bottle drink products

Current no. approx.

# 700+

No. of trees planted as part of forestry projects (September 21, 2022 to January 20, 2023)

Around **200**

### Vending machines that support the UN's SDG

We offer customers unique machines that are customized to the issues they face, whether it be bringing up children, reforestation, town revitalization, or something else

#### Vending machines that sell disposable baby diapers



We have installed machines that also sell diapers at roadside stations, shopping centers, and other locations where demand from families is high

Current no. approx.

# 350+

#### Vending machines that help support kids' cafeterias



A portion of the sales from these machines are donated, with the receiving cause varying by location

Current no. approx.

# 7,700+

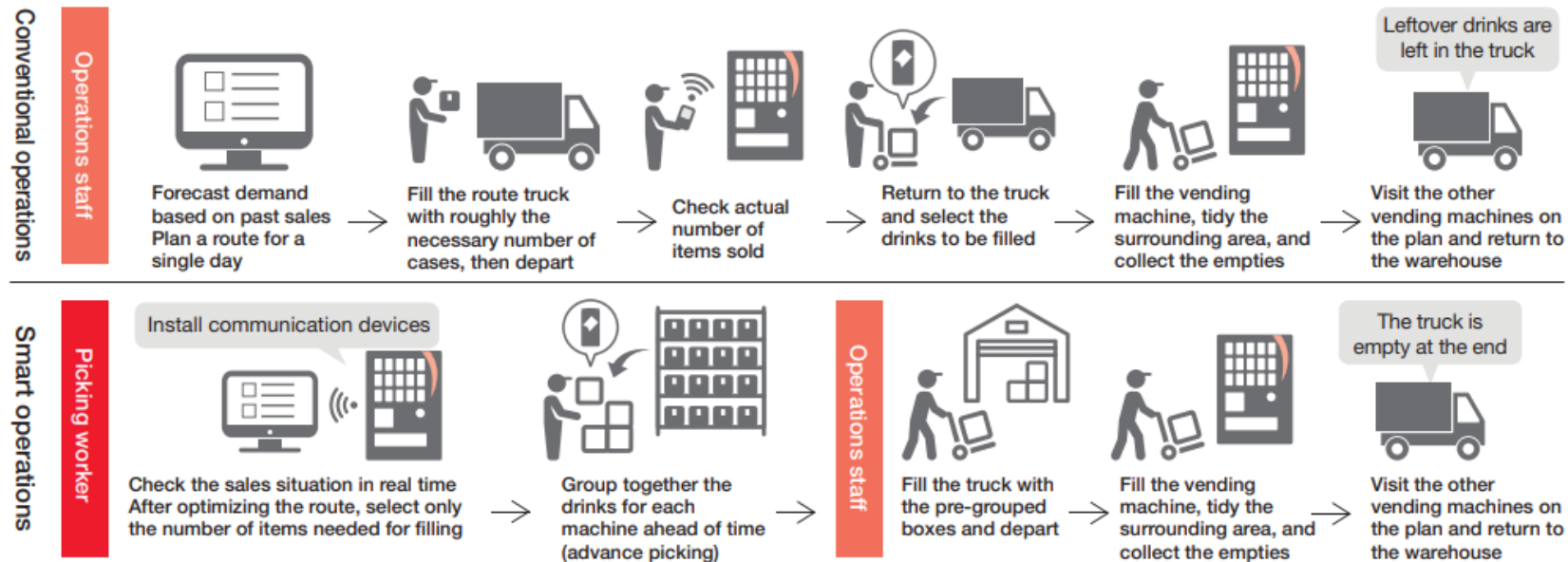
## Further Evolution of Smart Operations

We have completed rolling out smart operations throughout the entire DyDo Beverage Service

More advanced vending machine operations will help us cement a fixed position in the vending machine market

### Efforts to expand the value we offer through smart operations

- Expanded to all sales sites, and made improvements to standardize them
- Steadily improved individual productivity for operations staff
- Made good progress with improving tasks at sales sites
- Introduced new core systems that are compatible with our smart operations
- Used a fusion of operations staff knowledge and data, and brushing up, to make progress with product line-up optimization



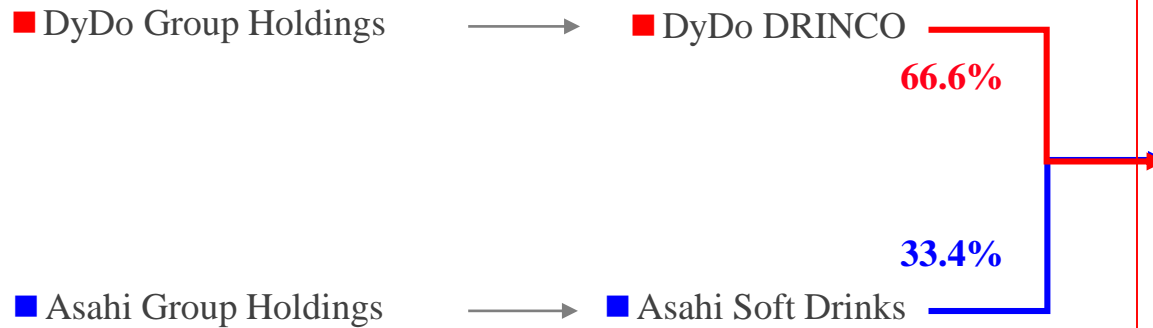


# Dynamic Vending Network

We established Dynamic Vending Network, Inc., in a joint stock transfer with Asahi Soft Drinks

The advantages of scale that this collaboration unlocks is helping us pursue more efficient, higher-quality operations

## Pursue operational synergies from the integration of direct sales channels



Figures are investment ratios; all figures not stated are 100%.

### Dynamic Vending Network

Established in January, 2023

- DyDo Beverage Service
- DyDo Beverage Shizuoka
- DyDo Vending Japan
- Asahi Soft Drink Sales
- Michinoku
- Kyushu Asahi Soft Drink Sales

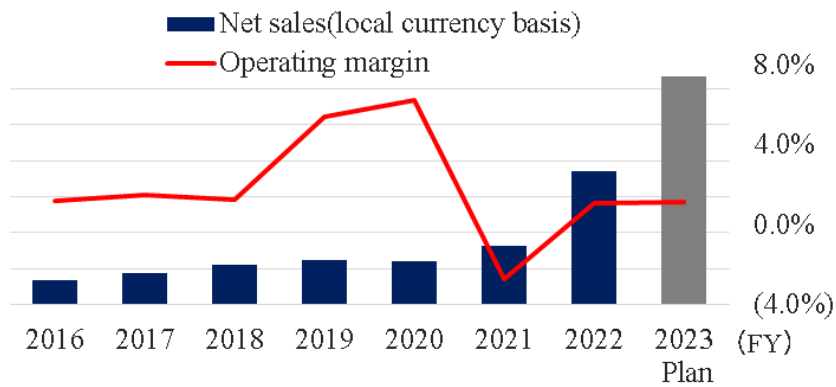
No. of employees	3,000 +
Vending machine network	Approx. 200,000

\*Machines controlled by the six affiliated companies

## Even during a period of hyperinflation, we made improvements to revenue on an operational basis

### Stabilization and steady growth of business in areas where we have already established a presence

#### Performance on a by a local currency basis



#### (Turkey)

- We implemented to make price revisions that anticipated cost increases and expanded sales on a local currency basis
- We must continue to apply hyperinflation accounting for the time being. Be that as it may, we will work to improve profitability on a local accounting basis
- We expanded our export business from Turkey into Europe. In the UK, where we established a local subsidiary in 2019, we are successfully expanding distribution. We improve the stability of our business

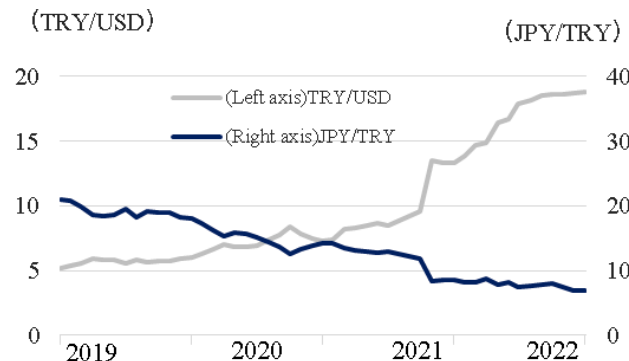
#### (China)

- We will increase the number of products we manufacture locally, which we have been doing since 2021, and aim to steadily accumulate profits

#### Locations of plants in Turkey and the products they manufacture



#### Trends in value of the Turkish lira



#### Inflation rate



# Improving Profitability in Existing Businesses

Each business supported DyDo Group sales and revenue, with sales growing

## Home Shopping Sales of Supplements (Domestic Beverage Business)

- Markets continue to grow, and the competitive environment is worsening, but we have still maintained a high level of revenue
- In addition to strengthening the value of flagship products, we will search for products to form a second major source of revenue

(Millions of yen)



## Pharmaceutical-related Business

- The pouch packaging line (installed in 2020) has received positive numbers of orders for high-added-value quasi-drugs
- Raising utilization rates for Kanto Plant (constructed in 2020, manufactures drinkable preparations) is an issue

### DAIDO Yakuin's Plants

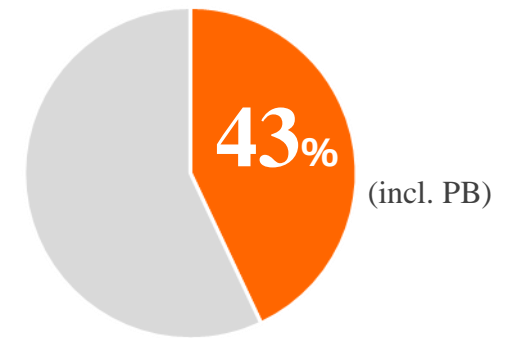
	Product format	Yearly production capacity	
Nara plant	Bottles	4 lines	350 million units
	Pouches	1 line	30 million units
Kanto plant	Bottles	1 line	150 million units



## Food Business

- The business saw robust growth and expanded market share
- We are creating new demand in domains related to fruits and jelly

### Tarami's market share of the dry jelly market



(October to December, 2022)

Source: Intage SRI

We are implementing a variety of measures to encourage the development of a corporate culture of taking on challenges, the core of the group philosophy

## 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.**

### Activities to spread awareness of the group philosophy and vision



**Sites visited in FY2022**  
**DAIDO Yakuhin:**  
**Nara Plant and Kanto Plant**  
**Tarami:**  
**Nagasaki head office,**  
**Tokyo head office,**  
**and Konagai Plant**

The president of DyDo Group Holdings has toured sites of group companies, and held talks with employees. As well as sharing his vision, he communicated the role and expectations for each company.

### DyDo Challenge Awards



Recognizes the challenges employees have taken on during the fiscal year.



Employees submit ideas for things they would like to see.

**Submissions in FY2021**  
**Challenge category: 54**  
**Ideas category: 53**

In order to support the kind of challenges referred to in the DyDo Group Corporate Philosophy, employee efforts and challenges from the preceding year are recognized in the Challenge and Ideas categories.

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

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

## System that allows individuals to choose their own workstyle

A working style that revolves around teleworking



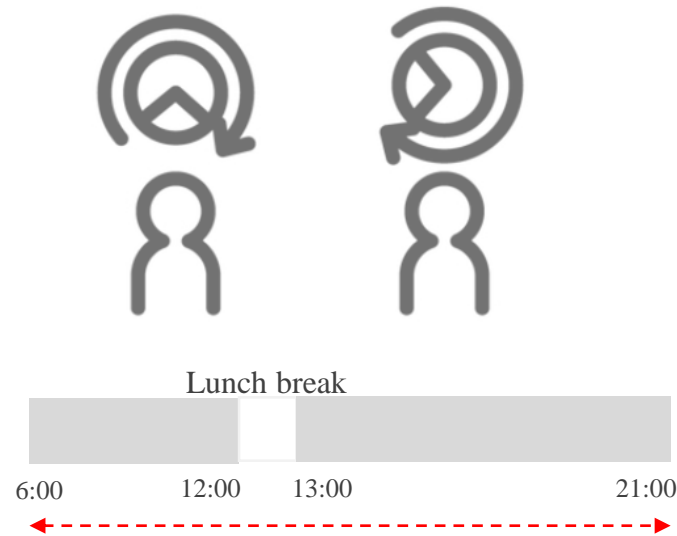
Employees can decide freely based on their individual job roles and home environments



A working style that requires attendance every working day

## Super-flex workplace attendance system

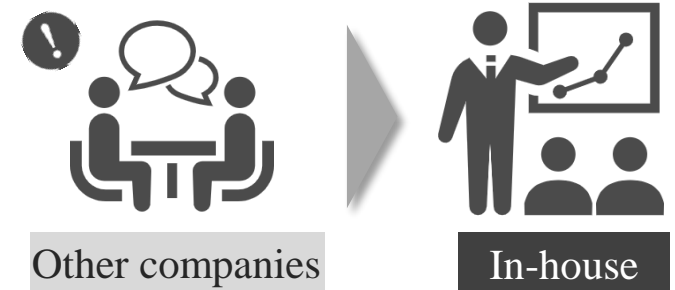
Under the condition that employees attend work for at least three hours a day, we have abolished mandatory core working hours, and flexibly responded to employees' individual life stages



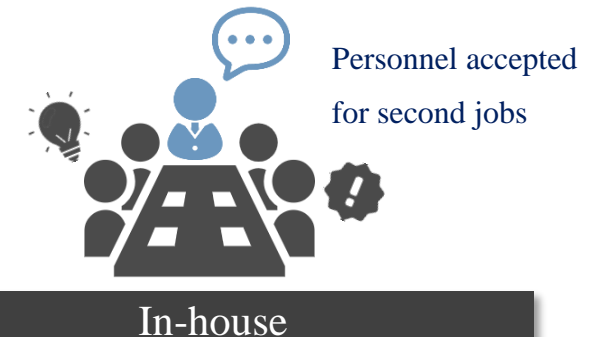
Employees can set their own attendance hours freely from their required monthly working hours

## Second job system for employees/system for accepting second job workers

By working elsewhere, employees gain diverse knowledge and senses of value, which can lead to innovation



Together with human resources that other employees would usually not meet, we aim to create innovation



**Our core vending machine business is an industry that has been dominated by men, historically and structurally, so the low proportion of female employees is an issue for the entire DyDo Group**

**We will work to introduce systems and put in place an environment to promote female participation**

## Efforts at DyDo Group Holdings

Through reforms to systems and workstyles, we are promoting workplaces that make it easier for women to work. We plan to encourage diversity with a greater sense of pace.



### DyDo Group (consolidated)

Proportion of female employees: 22%

Proportion of female managers: 10%

## Efforts in our core vending machine business

By strengthening recruitment of new graduates and mid-career applicants, the proportion of women in planning and management departments is rising, but we recognize that the low proportion of women at sales sites in our core vending machine business is still an issue

We established a diversity promotion group in the Vending Machine Sales Division and promoted reforms



### Domestic Beverage Business\*

Proportion of female employees: 13%

Proportion of female managers: 6%

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

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



## Reference Materials: Segment Overview

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

	Full year						Impact on performance	Full year					
	The conventional standard							After application of the revenue recognition standard					
	FY2021		FY2022 (Ref)					FY2022		FY2023 (Ref)			
	Results	Component ratio	Results	Component ratio	% (YoY)	Amount (YoY)		Results	Component ratio	Forecasts	Component ratio	% (YoY)	Amount (YoY)
Net sales	118,080	—	118,467	—	0.3%	387	(8,696)	<b>109,770</b>	—	<b>154,400</b>	—	40.7%	44,629
Segment profit	6,267	5.3%	2,758	2.3%	(56.0%)	(3,509)		<b>2,758</b>	<b>2.5%</b>	<b>4,700</b>	3.0%	70.4%	1,941
Depreciation	4,028		4,632		15.0%	603		<b>4,632</b>		<b>5,100</b>		10.1%	467

(From January 21st to January 20th of the following year)

### FY2022 summary

- In the vending machine channel, we made steady progress in increasing the number of machines. By rolling out smart operations, we enhanced the productivity per member of route staff
- In the distribution channel, the competitive environment worsened, but we promoted efforts as a “second opinion supplier,” as we call it
- In home shopping sales of supplements, despite the competitive environment growing increasingly intense, we achieved continued growth, which contributed to revenue

### FY2023 strategies

- By establishing Dynamic Vending Network, we will increase revenue greatly
- In May, we will carry out upward price revisions (including raising some prices for the second time) to cover rising raw material expenses
- In home shopping sales of supplements, we will maintain our current high-revenue structure

### Sales by channel

		Millions of yen / Thousands of cases			
		FY2021	FY2022	% (YoY)	Amount (YoY)
Net sales*	Vending machine	93,347	<b>94,085</b>	0.8%	737
	Distribution • Export	20,437	<b>19,851</b>	(2.9%)	(585)
	Home Shopping Sales of Supplements	4,295	<b>4,530</b>	5.5%	235
	Total	118,080	<b>118,467</b>	0.3%	387
Cases	Vending machine	41,016	<b>40,422</b>	(1.4%)	(594)
	Distribution • Export	8,953	<b>8,409</b>	(6.1%)	(543)
	Total	49,969	<b>48,832</b>	(2.3%)	(1,137)

\* The conventional standard

## In Turkey, we responded to rapid inflation and achieved profitability improvements on an operational basis

Millions of yen

	Full year										Full year	
	Before application of hyperinflation accounting										After application of hyperinflation accounting	
	FY2021		FY2022(Ref)				FY2023(Ref)				FY2022	
	Results	Component ratio	Results	Component ratio	% (YoY)	Amount (YoY)	Forecasts	Component ratio	% (YoY)	Amount (YoY)	Results	Component ratio
Net sales	12,777	—	<b>18,339</b>	—	43.5%	5,562	<b>26,700</b>	—	45.6%	8,360	18,909	—
Segment profit (loss)	(528)	(4.1%)	<b>52</b>	0.3%	—	581	<b>300</b>	1.1%	466.6%	247	(1,091)	(5.8%)
Depreciation	496		<b>384</b>		(22.6%)	(112)	<b>500</b>		30.2%	115	718	
JPY per TRY	12.44yen		<b>7.95yen</b>		(4.49yen)		<b>7.00yen</b>		(0.95yen)		7.09yen	
JPY per CNY	17.13yen		<b>19.52yen</b>		2.39yen		<b>19.50yen</b>		(0.02yen)		19.52yen	

\* For the Turkish lira, the average (assumed) rate for the period is used before the application of hyperinflation accounting and the rate at the end of the period is used after the application of hyperinflation accounting.

(From January 1st to December 31st)

### FY2022 summary

- Turkey
  - By deciding to revise prices, sales (on a local currency basis) grew approx. 2.3 times higher than in the previous fiscal year (prior to application of hyperinflation accounting)
  - Even as inflation continued, we pressed ahead with price revisions that look to the future, and between April and November we maintained a profit for each individual month on a local currency basis
  - The application of hyperinflation accounting impact on segment profit
- Other countries
  - In China, there were intermittent lockdowns, but sales grew, including for locally manufactured products
  - In Russia, our application to liquidate our business, there has been received by the authorities, and we are proceeding with procedures to close it

### FY2023 strategies

- Turkey
  - Inflation will continue, and costs will continue to grow, including higher wages. Using appropriate pricing measures, we will aim to secure profits
  - Under continuing inflation, the number of units sold has slowed, and we will investigate countermeasures
  - While the earthquake in February did not affect our plants or infrastructure, we will pay close attention to the economic situation and consumer trends and respond accordingly
- China
  - We will expand locally manufactured products to contribute to the segment's profit

**As orders for pouch products continued to improve, and there was a recovery in demand for drinkable preparations, we achieved record sales**

Millions of yen

	Full year						Impact on performance	Full year					
	The conventional standard							After application of the revenue recognition standard					
	FY2021		FY2022 (Ref)					FY2022		FY2023 (Ref)			
	Results	Component ratio	Results	Component ratio	% (YoY)	Amount (YoY)		Results	Component ratio	Forecasts	Component ratio	% (YoY)	Amount (YoY)
Net sales	11,133	—	12,696	—	14.0%	1,563	(173)	<b>12,522</b>	—	<b>13,000</b>	—	3.8%	477
Segment profit (loss)	(19)	(0.2%)	347	2.7%	—	367		<b>347</b>	<b>2.8%</b>	<b>200</b>	1.5%	(42.5%)	(147)
Depreciation	1,190		1,170		(1.7%)	(19)		<b>1,170</b>		<b>1,200</b>		2.5%	29

(From January 21st to January 20th of the following year)

### FY2022 summary

- Sales of drinkable preparations recovered and orders for pouch products have improved dramatically due to positive sales of new quasi-drug products. These have led to record segment sales and number of units
- Utilization rates improved for both our pouch packaging line and Kanto Plant, and we cleared our internal targets. It was first profitable year since establishment of Kanto Plant
- Dramatic raw material price increases were offset by amending prices and larger numbers of orders

### FY2023 strategies

- We will aim to maintain positive sales of pouch products through strategic orders and full operation of the pouch packaging line through increased staff
- Manufacturing costs, such as utilities, will continue to rise, and so we will continue efforts to offset these costs
- We will strengthen sales for large-lot orders in order to enhance productivity at Kanto Plant
- We will pursue greater quality for our products by developing our personnel

**Expanded demand meant that we secured sales equivalent to the previous fiscal year despite halting sales of some products in 3Q**

Millions of yen

	Full year						Impact on performance	Full year					
	The conventional standard							After application of the revenue recognition standard					
	FY2021		FY2022 (Ref)					FY2022		FY2023 (Ref)			
	Results	Component ratio	Results	Component ratio	% (YoY)	Amount (YoY)		Results	Component ratio	Forecasts	Component ratio	% (YoY)	Amount (YoY)
Net sales	21,165	—	21,664	—	2.4%	498	(2,098)	<b>19,565</b>	—	<b>19,300</b>	—	(1.4%)	(265)
Operating profit before subtracting amortization of goodwill, etc.	1,311	6.2%	1,117	5.2%	(14.8%)	(193)		<b>1,117</b>	<b>5.7%</b>	<b>1,051</b>	5.4%	(5.9%)	(65)
Amortization of goodwill, etc.	351	1.7%	351	1.6%	0.0%	0		<b>351</b>	<b>1.8%</b>	<b>351</b>	1.8%	0.0%	0
Segment profit	959	4.5%	765	3.5%	(20.2%)	(193)		<b>765</b>	<b>3.9%</b>	<b>700</b>	3.6%	(8.6%)	(65)
Depreciation	815		848		4.0%	32		<b>848</b>		<b>1,000</b>		17.8%	151

(From January 1st to December 31st)

**FY2022 summary**

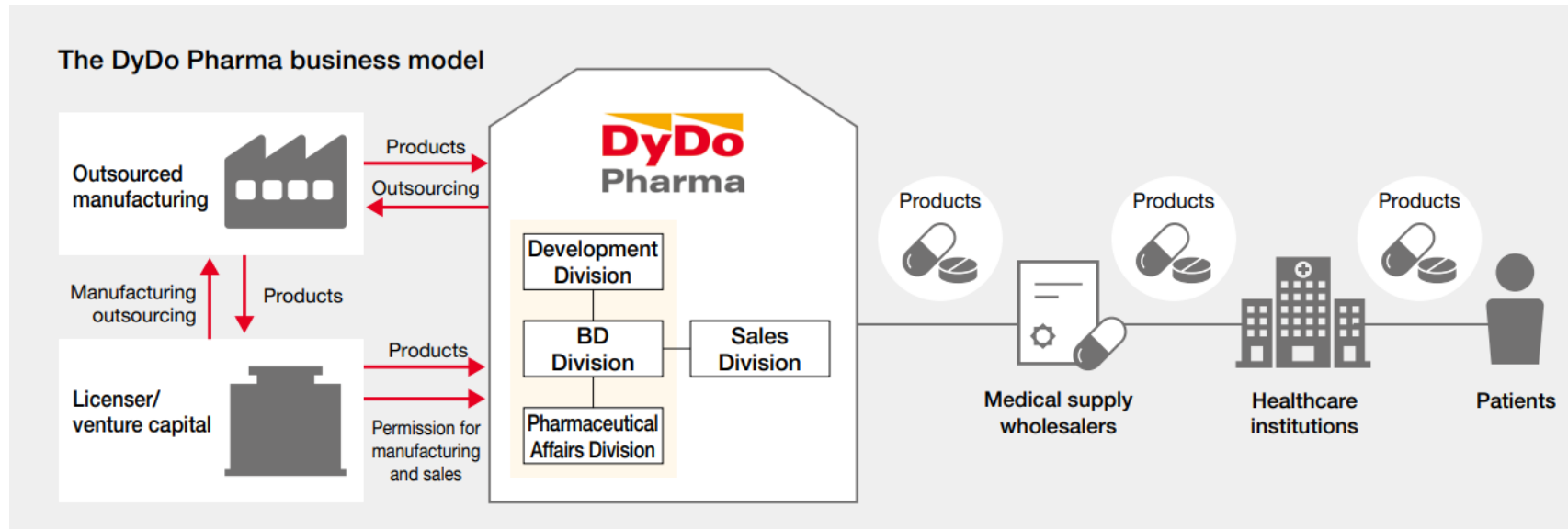
- Positive sales, resulting from demand among those recuperating at home in the first half of the fiscal year and an early end to the rainy season, led to increased revenue
- In the latter half of the fiscal year, a sudden jump in demand in the summer led to our halting sales of flagship products, and costs also rose, both factors that impacted on profit
- In response to dramatic raw material price increases, we implemented price revisions from October 1 onward

**FY2023 strategies**

- By reviewing our annual production plans, we will minimize sales opportunity losses
- We strengthen cooperation between product development, sales, and manufacturing in order to improve manufacturing efficiency
- We promote automation to both respond to labor shortages and improve productivity

**Cultivate "Orphan drug Business" as main drivers of future profit from a long-term perspective**

**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