



# **FY2023 (Year Ending January 20, 2024) 2nd Quarter Financial Highlights**

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**DyDo Group Holdings, Inc.**

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

**28 August, 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.

# 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

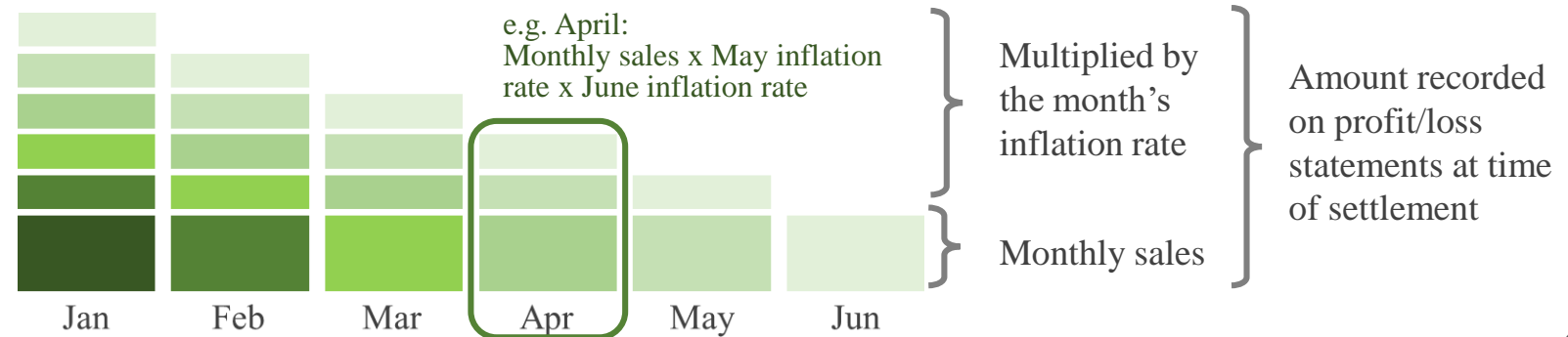
	Impact amount on consolidated profit/loss statements (difference from conventional standards)
Net sales	(1,383)
Cost of sales	
Gross profit	
SG&A	
Depreciation	
Operating profit	(530)
Non-operating income	194
Ordinary profit	(336)
Corporation tax, etc.	
Net profit	(537)

Multiplied by monthly inflation rates to create local financial statements

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

Increase in adjustment amounts for corporation tax, etc.

## Sales and cost accounting (prior to conversion into yen)



- **In the second quarter of FY2023, net sales were 101.7 billion yen (+27.5%) and operating profits were 2.5 billion yen (+249%). This was mainly due to the effect of price revisions in each segment.**
  - ✓ Sales in the Domestic Beverage business increased significantly due to the effect of an increase in subsidiaries following the formation of a new company, Dynamic Vending Network, Inc. Operating profit increased as a result of improved revenues following price revisions implemented in October last year and May this year.
  - ✓ In International Beverage Business, the mainstay Turkish Beverage Business continued to face high costs due to the inflationary environment, but strategic price revisions helped the business to return to profitability even in Japanese yen terms after the application of hyperinflation accounting.
  - ✓ In Pharmaceutical-related Business, enquiries for contract manufacturing of drinks and pouch products were strong and plant utilisation rates increased. Sales were also strong, with record sales in the second quarter.
  - ✓ Sales in the Food business were in line with last year, when sales were strong due to exceptional demand, the effect of price revisions implemented in October last year and the expansion of overseas sales.



# 01 FY2023 (Year Ending January 20, 2024) 2nd Quarter Financial Highlights

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# Overview of Consolidated Financial Results for FY2023 2nd Quarter



Sales increased due to the effect of an increase in the number of subsidiaries in the Domestic Beverages business and strategic price revisions in the International Beverages business.

Certain price revisions in each segment increased the consolidated operating profit.

- Even excluding the effects of our new subsidiaries, the Domestic Beverage Business increased revenue
- International Beverage Business achieved record sales and operating profit in the second quarter on a local accounting basis.

Millions of yen

	2nd quarter (1/21~7/20)							
	FY2022		FY2023				(Ref) Before application of hyperinflation accounting	
		Component ratio		Component ratio	% (YoY)	Amount (YoY)		Impact on performance
Net sales	79,781	100.0%	<b>101,746</b>	100.0%	27.5%	21,965	103,129	(1,383)
Operating profit	723	0.9%	<b>2,527</b>	2.5%	249.2%	1,803	3,057	(530)
Ordinary profit	461	0.6%	<b>1,773</b>	1.7%	284.0%	1,311	2,109	(336)
Profit (loss) attributable to owners of parent	(869)	(1.1%)	<b>2,343</b>	2.3%	—	3,213	2,881	(537)
EPS	(55.54yen)		<b>149.29yen</b>			204.83yen		

# FY2023 2nd Quarter Consolidated Earnings (by Segment)



Millions of yen

	2nd quarter (1/21~7/20)							
	Hyperinflation accounting				Before application of hyperinflation accounting			
	FY2022	FY2023		Amount (YoY)	FY2022	FY2023		Amount (YoY)
		% (YoY)				% (YoY)		
Domestic Beverage Business	54,001	<b>74,253</b>	37.5%	20,252	54,001	<b>74,253</b>	37.5%	20,252
International Beverage Business	9,281	<b>10,459</b>	12.7%	1,177	8,616	<b>11,842</b>	37.4%	3,226
Pharmaceutical-related Business	5,956	<b>6,386</b>	7.2%	430	5,956	<b>6,386</b>	7.2%	430
Food Business	10,844	<b>10,850</b>	0.1%	6	10,844	<b>10,850</b>	0.1%	6
Orphan Drug Business	—	—	—	—	—	—	—	—
Adjustment	(302)	<b>(204)</b>	—	98	(302)	<b>(204)</b>	—	98
Total net sales	79,781	<b>101,746</b>	27.5%	21,965	79,115	<b>103,129</b>	30.4%	24,013
Domestic Beverage Business	1,368	<b>1,847</b>	35.0%	478	1,368	<b>1,847</b>	35.0%	478
International Beverage Business	(735)	<b>462</b>	—	1,197	(61)	<b>992</b>	—	1,053
Pharmaceutical-related Business	66	<b>239</b>	257.6%	172	66	<b>239</b>	257.6%	172
Food Business	908	<b>776</b>	(14.5%)	(131)	908	<b>776</b>	(14.5%)	(131)
Orphan Drug Business	(269)	<b>(296)</b>	—	(27)	(269)	<b>(296)</b>	—	(27)
Adjustment	(615)	<b>(502)</b>	—	113	(615)	<b>(502)</b>	—	113
Total operating profit	723	<b>2,527</b>	249.2%	1,803	1,397	<b>3,057</b>	118.8%	1,659

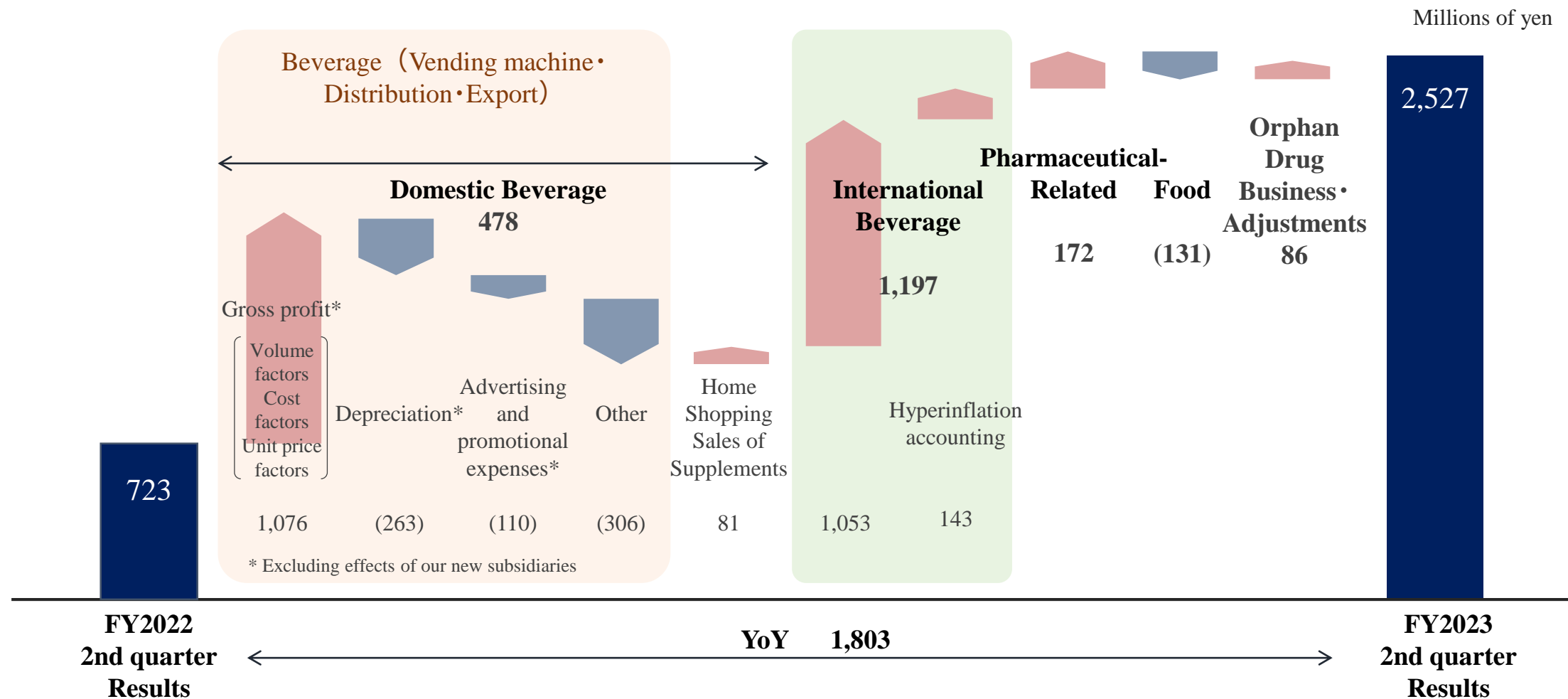


# Factors Contributing to Changes in Operating Profit in FY2023 2nd Quarter : Compared to the Previous Year



Profit increased in Domestic Beverage Business, International Beverage Business and Pharmaceutical-related Business due to successful price revisions and cost reductions.

Despite lower profits in Food Business due to higher costs, consolidated profits increased significantly.





## **02 FY2023 Consolidated Full-year Performance Outlook**

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# Full-year Consolidated Earnings Forecasts for FY2023



Consolidated sales are forecast to increase to 210 billion yen (+31.1%) and consolidated operating profit to 2.1 billion yen (+197.0%).

Ordinary profit is affected by foreign exchange losses due to the weakening of the lira, but a gain on the sale of securities was recorded in Q2, and profit attributable to owners of parent is expected to be surplus.

Millions of yen

	Full year							
	FY2022		FY2023 (Forecasts)				(Ref) Before application of hyperinflation accounting	
	Amount (YoY)	Component ratio	Amount (YoY)	Component ratio	% (YoY)	Amount (YoY)	Impact on performance	
Net sales	160,130	100.0%	<b>210,000</b>	100.0%	31.1%	49,869	209,000	1,000
Operating profit	707	0.4%	<b>2,100</b>	1.0%	197.0%	1,392	3,100	(1,000)
Ordinary profit	591	0.4%	<b>1,000</b>	0.5%	69.0%	408	2,200	(1,200)
Profit (loss) attributable to owners of parent	(507)	(0.3%)	<b>400</b>	0.2%	—	907	2,000	(1,600)
EPS	(32.40yen)		<b>25.47yen</b>			57.87yen		

# Full-year Consolidated Earnings Forecasts for FY2023 (by Segment)



We forecast a significant increase in Domestic Beverage Business due to an increase in the number of subsidiaries, and an increase in profits due to the effect of price revisions. In International Beverage Business, sales and profits are expected to improve significantly as the situation in the local business is favorable.

Millions of yen

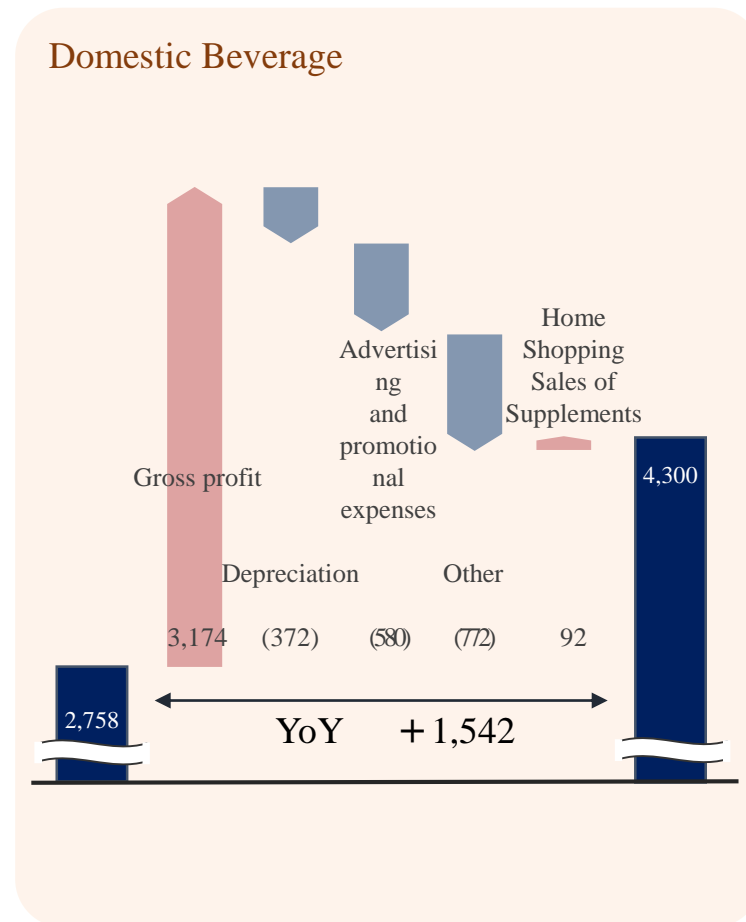
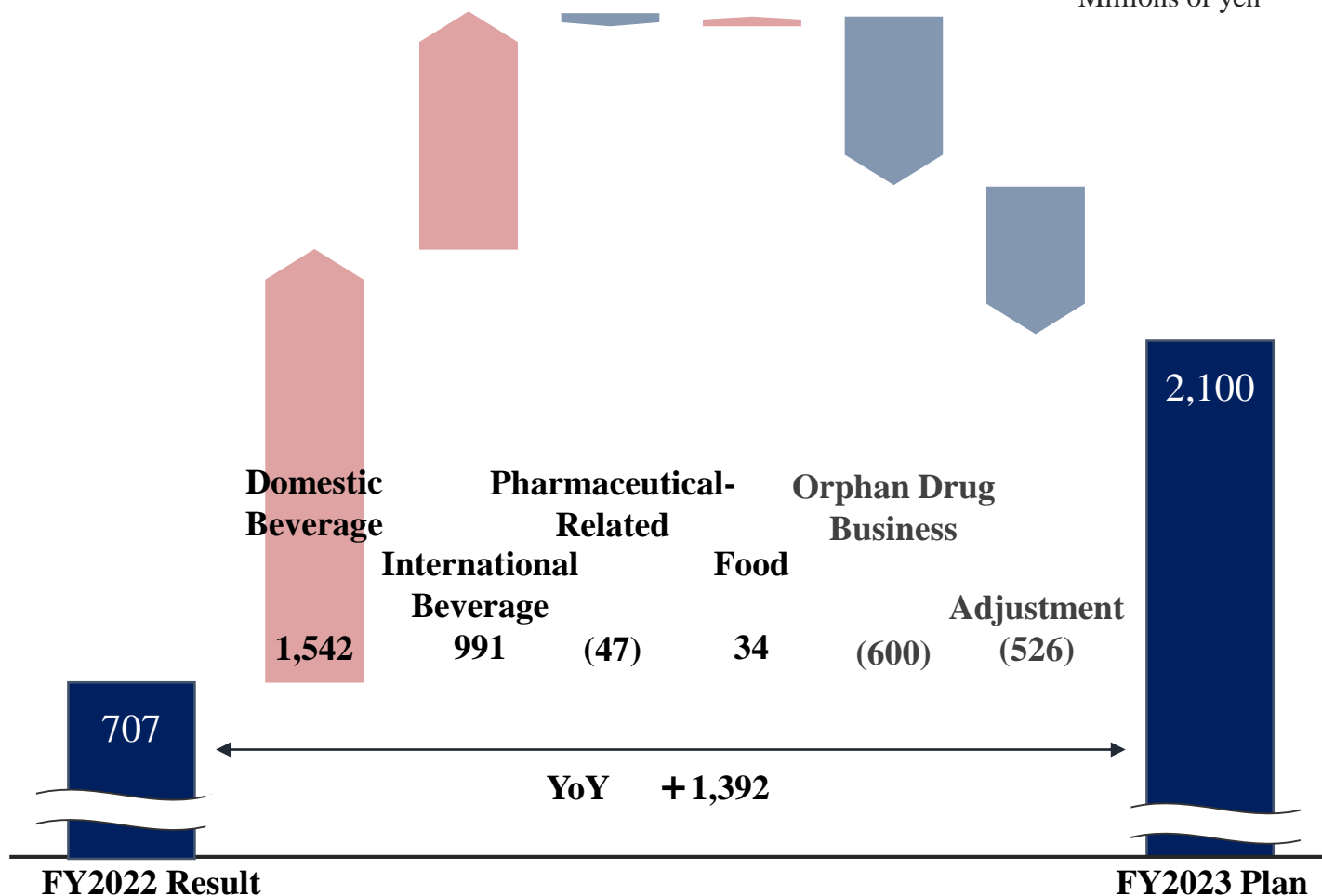
	Full year									
	Hyperinflation accounting				Before application of hyperinflation accounting					
	FY2022 Results	FY2023 Forecasts		Amount (YoY)	FY2022 Results	FY2023		Amount (YoY)	Year-beginning announcements	Difference
		% (YoY)			% (YoY)					
Domestic Beverage Business	109,770	<b>154,400</b>	40.7%	44,629	109,770	<b>154,400</b>	40.7%	44,629	154,400	0
International Beverage Business	18,909	<b>23,900</b>	26.4%	4,990	18,339	<b>22,900</b>	24.9%	4,560	26,700	(3,800)
Pharmaceutical-related Business	12,522	<b>13,000</b>	3.8%	477	12,522	<b>13,000</b>	3.8%	477	13,000	0
Food Business	19,565	<b>19,300</b>	(1.4%)	(265)	19,565	<b>19,300</b>	(1.4%)	(265)	19,300	0
Orphan Drug Business	—	<b>—</b>	—	—	—	<b>—</b>	—	—	—	—
Adjustment	(636)	<b>(600)</b>	—	36	(636)	<b>(600)</b>	—	36	(600)	0
Total net sales	160,130	<b>210,000</b>	31.1%	49,869	159,561	<b>209,000</b>	31.0%	49,438	212,800	(3,800)
Domestic Beverage Business	2,758	<b>4,300</b>	55.9%	1,541	2,758	<b>4,300</b>	55.9%	1,541	4,700	(400)
International Beverage Business	(1,091)	<b>(100)</b>	—	991	52	<b>900</b>	1599.7%	847	300	600
Pharmaceutical-related Business	347	<b>300</b>	(13.8%)	(47)	347	<b>300</b>	(13.8%)	(47)	200	100
Food Business	765	<b>800</b>	4.5%	34	765	<b>800</b>	4.5%	34	700	100
Orphan Drug Business	(499)	<b>(1,100)</b>	—	(600)	(499)	<b>(1,100)</b>	—	(600)	(1,000)	(100)
Adjustment	(1,573)	<b>(2,100)</b>	—	(526)	(1,573)	<b>(2,100)</b>	—	(526)	(2,200)	100
Total operating profit	707	<b>2,100</b>	197.0%	1,392	1,851	<b>3,100</b>	67.4%	1,248	2,700	400

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

# Factors Contributing to Changes in Operating Profit in FY2023 Plan

Improved profits from Domestic Beverage Business and International Beverage Business are expected to make a significant contribution to consolidated profit growth.

Millions of yen





## **03 Initiatives for the Mid-term Business Plan 2026**

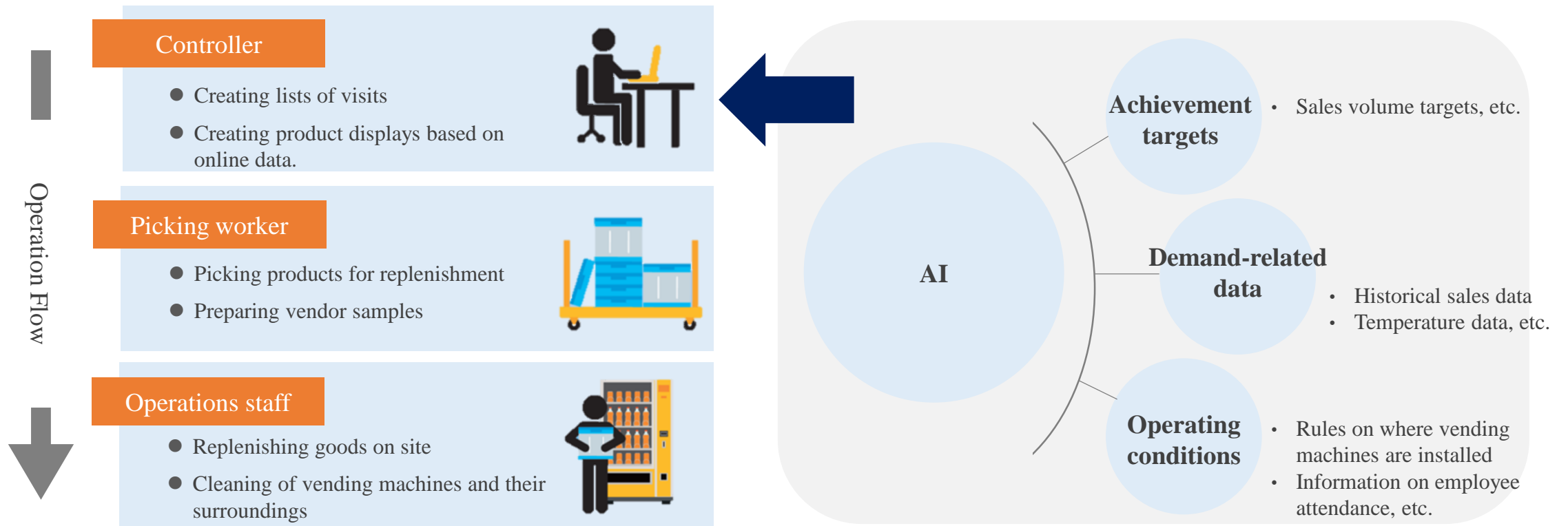
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# Further Evolution of Smart Operations

Using AI to plan vending machine operations to further improve efficiency.

## Value creation initiatives through Smart Operations

- New core system revamped for smart operations.
- Introducing AI to plan visit lists and replenishment products, aiming to further streamline operations and improve sales.



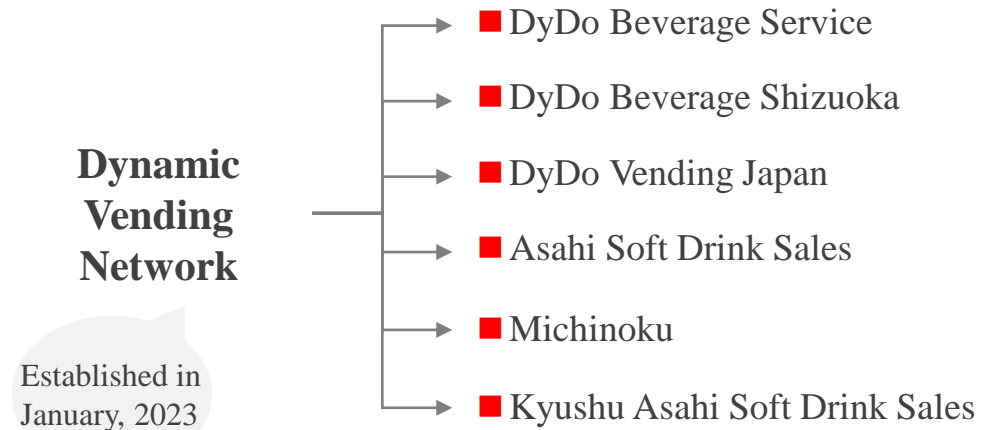
# Dynamic Vending Network, inc.

The integration of the Asahi Soft Drinks subsidiaries into the DyDo Group is underway, with the aim of achieving integrated vending operations.

## Integration works in progress

- Application of DyDo Group regulations
- Change of financial closing date
- Introduction of the DyDo Group's core and operational systems
- Development of organisational structures such as branches and sales offices
- Unification of vending machine operation terms

## Dynamic Vending Network, Inc.



No. of employees

**3,000 +**

Vending machine network

Approx. **200,000**

\*Machines controlled by the six affiliated companies



## Significant improvement in revenues on a local accounting basis, despite the hyperinflationary environment

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

(Turkey)

- The business environment remains challenging, with a slowdown in consumer confidence due to rapid inflation. Profits have been affected by the depreciation of the lira and rising costs due to inflation.
- Sales growth in local currency basis due to intermittent price revisions in anticipation of higher costs.
- In addition to unit price improvements through price revisions, profitability has improved significantly on a local accounting basis due to lower raw material costs, mainly for packaging, reduced sales promotion costs and lower logistics costs.
- Expand export business from Turkey to European countries; steady growth in distribution in the UK, where a local subsidiary was established in 2019. It increases the stability of the business.

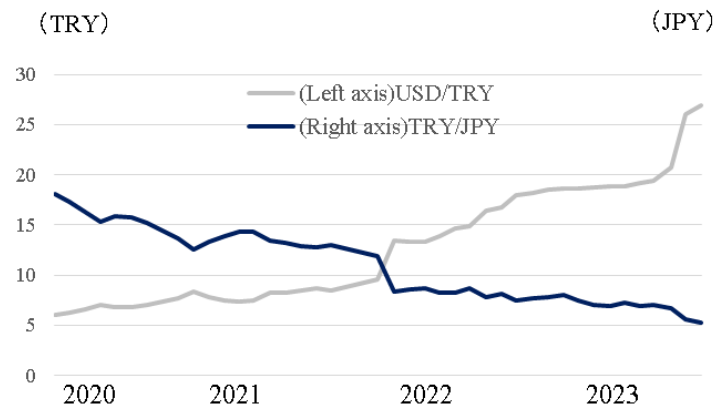
(China)

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

### Turkish Beverage Business First Half Results (in local currency / before application of hyperinflation accounting)



### Turkish lira



### Inflation rate



# Continued growth in existing businesses and long-term business development

## Existing businesses support the Group's sales and profits, while new business is developed as future revenue generator

### Existing Businesses

- 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
  - Renewal of the flagship product 'LocoMo Pro' as a food with functional claims to strengthen the acquisition of new customers.

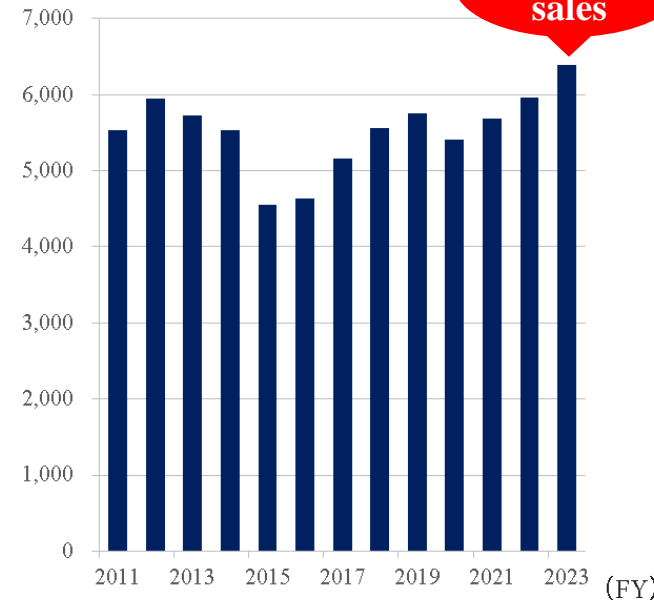
(Millions of yen)



### Pharmaceutical-related Business

- Record sales for the second quarter.
- The pouch packaging line (installed in 2020) has received positive numbers of orders for high-added-value quasi-drugs

(Millions of yen)



### New Business

#### Orphan drug Business

- 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

➡ DyDo Phama has obtained preliminary results of a favorable analysis (interim data at 6 months) in a Phase III clinical trial.

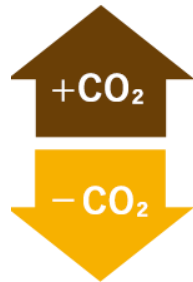
#### DYD-701

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

In the vending machine business, carbon neutral vending machines and carbon offsetting products are being developed. In addition, tree planting projects are being implemented, whereby trees are planted in response to the installation of vending machines and the purchase of products.

## “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

# 7,700+

## Bottled canned beverages "LOVE the EARTH series"

200,000 kWh of the electricity required for production is supplied by natural energy each year, reducing CO<sub>2</sub> emissions by approximately 100 tonnes per year.



Obtained the Green Power Mark.

## Tree planting projects

- As an option for LOVE the EARTH vendor installations, one plantation per unit installed.
- One tree plantation for every 100 litres of LOVE the EARTH series sold per year (equivalent to 260 bottles of product).

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

Around **300**※ Includes some planned

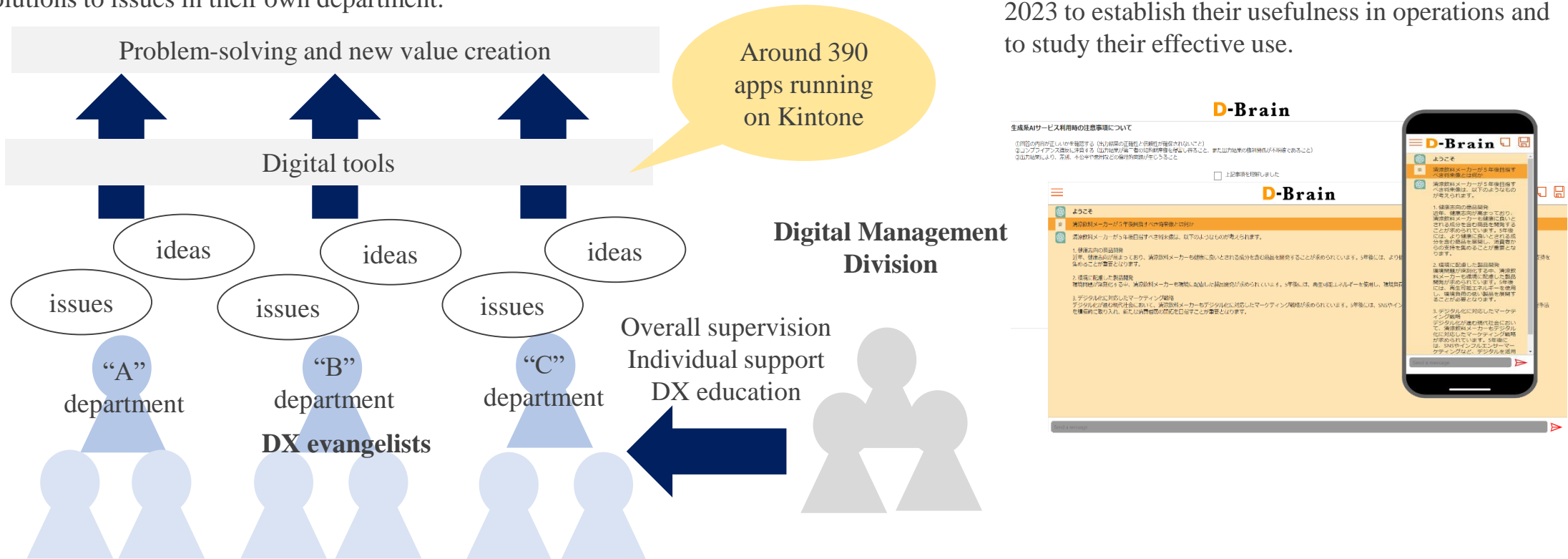
Establish a system where each employee can take the initiative in using digital technology to solve problems and create new value. In July 2023, the company began demonstrations of interactive AI in its operations.

## Staff-led DX promotion

- Appointing 'DX evangelists' in each department responsible for planning and implementing DX activities.
- Responsible for considering and implementing digital solutions to issues in their own department.

## Interactive AI

- D-Brain, an interactive AI that uses a platform provided by Microsoft Japan Co., Ltd.
- Demonstration tests start at each subsidiary in July 2023 to establish their usefulness in operations and to study their effective use.



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



## 04 Reference Materials

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**Sales increased due to the effect of the increase in the number of subsidiaries, and segment profit also increased due to the effect of price revisions. Even on an organic basis, excluding the effect of the increase in the number of subsidiaries, sales and profits increased.**

Millions of yen

	2nd quarter					Full year						
	FY2022		FY2023			FY2022		FY2023				
	Results	Component ratio	Results	Component ratio	% (YoY)	Amount (YoY)	Results	Component ratio	Forecasts	Component ratio	% (YoY)	Amount (YoY)
Net sales	54,001	—	<b>74,253</b>	—	37.5%	20,252	109,770	—	<b>154,400</b>	—	40.7%	44,629
Operating profit	1,368	2.5%	<b>1,847</b>	2.5%	35.0%	478	2,758	2.5%	<b>4,300</b>	2.8%	55.9%	1,541
Depreciation	2,232		<b>2,522</b>		13.0%	290	4,632		<b>5,000</b>		10.1%	367
Amortization of goodwill	—		<b>51</b>		—	51	—		<b>100</b>		—	100

(From January 21st to July 20th)

- The contributions made by our new subsidiaries that come with the establishment of Dynamic Vending Network, Inc., have led to major increases in sales
- Even the standard, excluding the effects of our new subsidiaries, showed higher sales unit prices and increased revenue, as a result of improvements to the mix of sales channels and products
- With regard to the price revisions implemented in May, the changeover to vending machine prices is progressing smoothly
- In the distribution channel, sales volumes remained at the same level as the previous year. Sales of unsweetened tea were strong due to favorable weather, and unit prices increased due to the effect of price revisions, resulting in increased sales
- For home shopping sales of supplements, the competitive environment is getting more severe, but maintaining a customer base has had some achievements. We will conduct initiatives toward continued growth and contributing to overall revenue

### Sales by channel

Millions of yen / Thousands of bottles

		FY2022	FY2023		
			% (YoY)	Amount (YoY)	
Net sales	Vending machine	45,802	<b>65,542</b>	43.1%	19,739
	Distribution • Export	5,986	<b>6,517</b>	8.9%	531
	Home Shopping Sales of Supplements	2,212	<b>2,193</b>	(0.8%)	(18)
	Total	54,001	<b>74,253</b>	37.5%	20,252
Cases	Vending machine	528,720	<b>686,453</b>	29.8%	157,733
	Distribution	112,646	<b>111,712</b>	(0.8%)	(934)
	Total	641,366	<b>798,165</b>	24.4%	156,799

**Although there was rapid inflation in the Turkish beverage business, we responded appropriately and returned to profitability even in Japanese yen terms after the application of hyperinflation accounting**

Millions of yen

	2nd quarter						Full year									
	FY2022		FY2023		(Ref) Before application of hyperinflation accounting	FY2022		FY2023		(Ref) Before application of hyperinflation accounting						
	Results	Component ratio	Results	Component ratio		% (YoY)	Amount (YoY)	Results	Impact on performance		Forecasts	Component ratio	% (YoY)	Amount (YoY)	Forecasts	Impact on performance
Net sales	9,281	—	<b>10,459</b>	—	12.7%	1,177	11,842	(1,383)	18,909	—	23,900	—	26.4%	4,990	22,900	1,000
Segment profit (loss)	(735)	(7.9%)	<b>462</b>	4.4%	—	1,197	992	(530)	(1,091)	(5.8%)	(100)	(0.4%)	—	991	900	(1,000)
Depreciation	358		<b>343</b>		(4.3%)	(15)	212	130	718		1,500		108.8%	781	500	1,000
JPY per TRY	8.21yen		<b>5.57yen</b>		(2.64yen)		<b>6.73yen</b>		7.09yen		5.20yen		(1.89yen)		<b>6.00yen</b>	
JPY per CNY	19.16yen		<b>19.55yen</b>		0.39yen		-		19.52yen		19.50yen		(0.02yen)		-	

\* For the Turkish lira, the average 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 June 30th)

### ➤ Turkey

- Sales volumes were lower due to the long holiday period in Turkey, but sales in local currency were approximately 1.7 times higher than last year as a result of successful strategic price revisions
- The effects of various sales measures and cost reductions have resulted in a return to profitability on a local accounting basis and a record operating profit in the second quarter.
- Even after applying hyperinflation accounting, operating profit in JPY terms becomes profitable.

### ➤ Other countries

- In China, sales grew, including for locally manufactured products  
Established a certain position in the unsweetened tea category in the Chinese beverage market.

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

Compared to the Previous Year	1 Q	2Q	3Q	4Q	Total
Net sales	+110%	+48%			<b>+69%</b>
Sales volume	+0.1%	(9.2%)			<b>(5.0%)</b>



**Increased sales and profit, with continued strong orders for pouch products and a recovery in demand for drinkable preparations**

Millions of yen

	2nd quarter						Full year					
	FY2022		FY2023				FY2022		FY2023			
	Results	Component ratio	Results	Component ratio	% (YoY)	Amount (YoY)	Results	Component ratio	Forecasts	Component ratio	% (YoY)	Amount (YoY)
Net sales	5,956	—	<b>6,386</b>	—	7.2%	430	12,522	—	<b>13,000</b>	—	3.8%	477
Operating profit	66	1.1%	<b>239</b>	3.8%	257.6%	172	347	2.8%	<b>300</b>	2.3%	(13.8%)	(47)
Depreciation	587		<b>575</b>		(1.9%)	(11)	1,170		<b>1,200</b>		2.5%	29

(From January 21st to July 20th)

- Continuing on from the previous fiscal year, revenue increased to a recovery in drinkable preparations and positive performance for pouch products, meaning that in the second quarter, we achieved record sales
- Increased orders have led to higher factory utilization rates and more efficient production systems.
- For pouch products, we predict the production system will continue to operate at a higher level
- Despite higher raw material prices, operating profit increased as a result of price revisions.

**DAIDO Yakuhin's Plants**

	Product format	Yearly production capacity	
		Number of plants	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

**Despite a decline in volume as a reaction to last year's special demand, sales remained at the same level as the previous year, when sales were strong, due to the effect of improved unit prices and increased overseas sales.**

Millions of yen

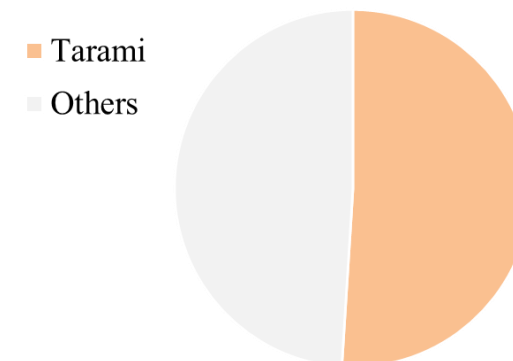
	2nd quarter						Full year					
	FY2022		FY2023				FY2022		FY2023			
	Results	Component ratio	Results	Component ratio	% (YoY)	Amount (YoY)	Results	Component ratio	Forecasts	Component ratio	% (YoY)	Amount (YoY)
Net sales	10,844	—	<b>10,850</b>	—	0.1%	6	19,565	—	<b>19,300</b>	—	(1.4%)	(265)
Operating profit before subtracting amortization of goodwill, etc.	1,084	10.0%	<b>952</b>	8.8%	(12.1%)	(131)	1,117	5.7%	<b>1,151</b>	6.0%	3.1%	34
Amortization of goodwill, etc.	175	1.6%	<b>175</b>	1.6%	0.0%	0	351	1.8%	<b>351</b>	1.8%	0.0%	0
Operatint profit	908	8.4%	<b>776</b>	7.2%	(14.5%)	(131)	765	3.9%	<b>800</b>	4.1%	4.5%	34
Depreciation*	420		<b>440</b>		4.8%	20	848		<b>1,000</b>		17.8%	151

\*Depreciation includes a portion of Amortization of goodwill etc.

(From January 1st to June 30th)

- Compared to the previous fiscal year, the dry jelly market was flat and the konjac pouch jelly market grew by 11%
- Sales were at the same level as last year, with lower sales volumes compared to last year, when sales were strong, but this was offset by improved unit prices and higher overseas export sales.
- On the cost side, profits decreased due to higher prices of raw materials such as fruit pulp and sugar due to the weak yen and inflation, as well as higher labour costs related to factory operations.

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



\* Including Private Brand/Based on our own research 26

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

2nd quarter	Millions of yen		
	FY2022	FY2023	Amount (YoY)
EBITDA (Operation profit + depreciation costs + amortization of goodwill)	4,660	6,967	2,307
Amount of change in working capital cash flow	(2,271)	(3,198)	(927)
Other	(2,812)	(1,082)	1,729
Operating cash flow (a)	(423)	2,685	3,109
Expenditures related to the acquisition of tangible and intangible fixed assets (b)	(4,502)	(5,841)	(1,339)
Free cash flow (a-b)	(4,926)	(3,156)	1,770

## Capital investment

2nd quarter	Millions of yen		
	FY2022	FY2023	Amount (YoY)
Domestic Beverage	4,232	5,522	1,289
International Beverage	288	423	135
Pharmaceutical-related	38	298	259
Food	499	200	(298)
Orphan Drug Business • Other	200	339	139
Total	5,259	6,785	1,525

## Depreciation costs

Millions of yen		
FY2022	FY2023	Amount (YoY)
2,232	2,522	290
358	343	(15)
587	575	(11)
420	440	20
189	357	168
3,787	4,238	451