



FY2023 (Year Ending January 20, 2024) 3rd Quarter Financial Highlights

DyDo Group Holdings, Inc.

(Prime Market of the Tokyo Stock Exchange: 2590)

27 November, 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.

- **In the third quarter of FY2023, net sales were 165.2 billion yen (+32.6%) and operating profit was 5.7 billion yen (+149%). Sales and profit increased in all segments*, reflecting the effects of price revisions in each segment.**
 - ✓ Domestic Beverage Business recorded a significant increase in sales due to the effect of an increase in the number of subsidiaries resulting from the establishment of a new company, Dynamic Vending Network, Inc. Significant increase in profit due to the effect of price revisions implemented in October last year and May this year.
 - ✓ International Beverage Business achieved record high sales and operating profit in the third quarter, thanks to significant improvement in profitability through strategic price revisions and other measures, despite high costs due to high inflation and a weak lira in the mainstay Turkish Beverage Business.
 - ✓ Pharmaceutical-related Business recorded its highest ever sales in the third quarter due to strong orders for pouch products and the effect of price revisions.
 - ✓ Food Business reported higher sales and profit thanks to price revisions, continued warm weather, and promotional activities.

*Excluding Orphan drug Business which is under development and sales are not recorded.



01 FY2023 (Year Ending January 20, 2024) 3rd Quarter Financial Highlights

Overview of Consolidated Financial Results for FY2023 3rd Quarter



Sales increased significantly 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.

Significant increase in profit due to the effect of price revisions in Domestic Beverage Business and improved profitability in International Beverage Business.

- Even excluding the effects of our new subsidiaries, the Domestic Beverage Business increased sales and profit.
- The International Beverages Business achieved record sales and operating profit in the third quarter, despite the impact of hyperinflationary accounting.

Millions of yen

	3rd quarter (1/21~10/20)							
	FY2022		FY2023				(Ref) Before application of hyperinflation accounting	
	Amount (YoY)	Component ratio	Amount (YoY)	Component ratio	% (YoY)	Amount (YoY)	Impact on performance	
Net sales	124,640	100.0%	165,278	100.0%	32.6%	40,637	164,465	812
Operating profit	2,326	1.9%	5,792	3.5%	149.0%	3,465	6,777	(985)
Ordinary profit	2,603	2.1%	5,246	3.2%	101.5%	2,643	6,137	(891)
Profit attributable to owners of parent	736	0.6%	4,178	2.5%	467.7%	3,442	5,348	(1,169)
EPS	46.99yen		266.09yen			219.10yen		

FY2023 3rd Quarter Consolidated Earnings (by Segment)



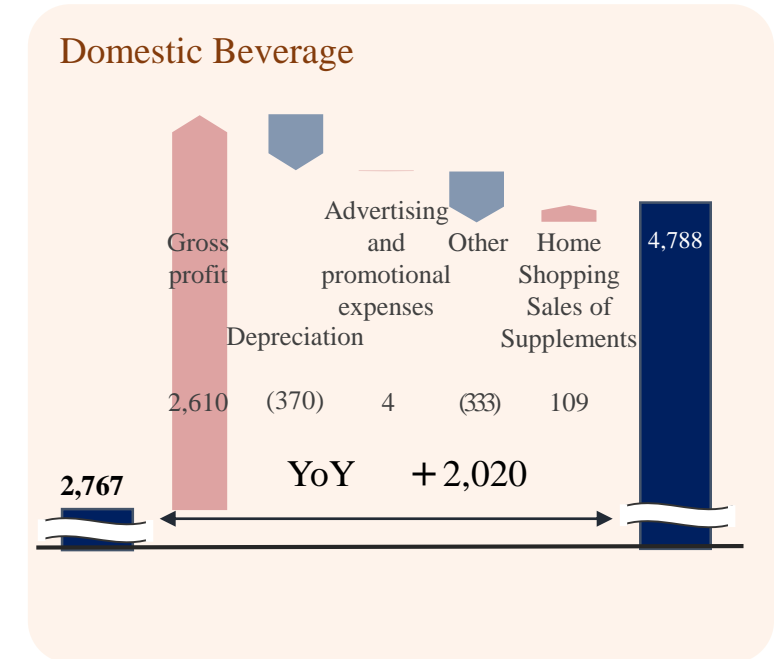
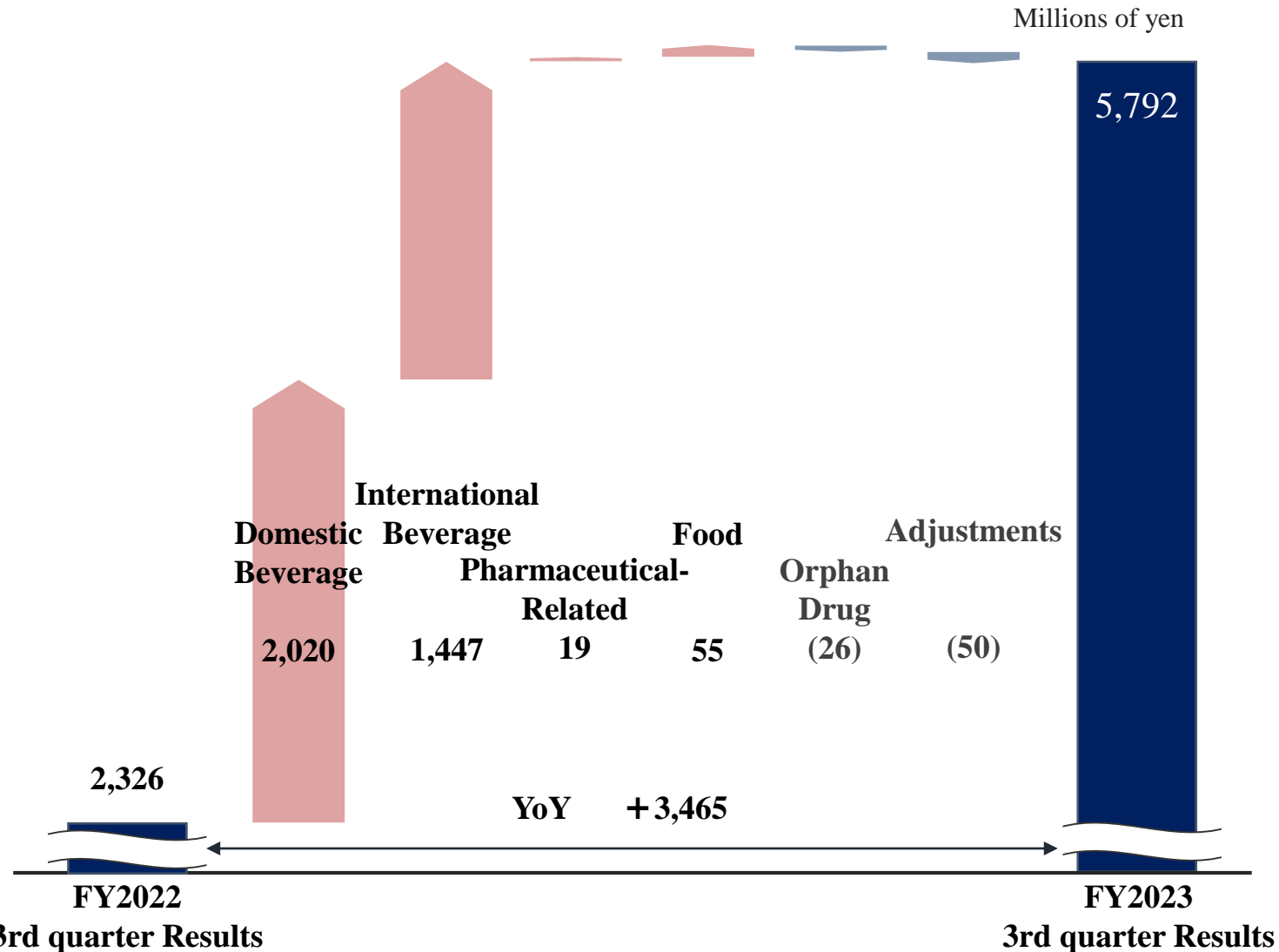
Millions of yen

	3rd quarter (1/21~10/20)							
	Hyperinflation accounting				Before application of hyperinflation accounting			
	FY2022	FY2023		Amount (YoY)	FY2022	FY2023		Amount (YoY)
		% (YoY)			% (YoY)			
Domestic Beverage Business	83,554	117,957	41.2%	34,403	83,554	117,957	41.2%	34,403
International Beverage Business	15,507	20,628	33.0%	5,121	14,403	19,816	37.6%	5,413
Pharmaceutical-related Business	9,654	9,944	3.0%	289	9,654	9,944	3.0%	289
Food Business	16,445	17,060	3.7%	614	16,445	17,060	3.7%	614
Orphan Drug Business	—	—	—	—	—	—	—	—
Adjustment	(521)	(313)	—	208	(521)	(313)	—	208
Total net sales	124,640	165,278	32.6%	40,637	123,536	164,465	33.1%	40,929
Domestic Beverage Business	2,767	4,788	73.0%	2,020	2,767	4,788	73.0%	2,020
International Beverage Business	(752)	694	—	1,447	163	1,680	930.4%	1,517
Pharmaceutical-related Business	377	397	5.2%	19	377	397	5.2%	19
Food Business	1,316	1,371	4.2%	55	1,316	1,371	4.2%	55
Orphan Drug Business	(380)	(406)	—	(26)	(380)	(406)	—	(26)
Adjustment	(1,002)	(1,053)	—	(50)	(1,002)	(1,053)	—	(50)
Total operating profit	2,326	5,792	149.0%	3,465	3,242	6,777	109.0%	3,535

Factors Contributing to Changes in Operating Profit in FY2023 3rd Quarter : Compared to the Previous Year



Consolidated operating profit was driven by improved gross profit in the Domestic Beverage Business and profitability in the International Beverage Business.



Revision of our Full-year Consolidated Earnings Forecasts for FY2023



Full-year forecasts have been revised upwards due to better than expected performance in the International Beverage Business and the Food Business in the third quarter.

Millions of yen

	Full year									
	FY2022		FY2023 (Forecasts)						Prior Forecast Announced on August 28, 2023	
		Component ratio		Component ratio	% (YoY)	Amount (YoY)	(Ref) Before application of hyperinflation accounting	Impact on performance		Difference
Net sales	160,130	100.0%	211,800	100.0%	32.3%	51,669	210,700	1,100	210,000	1,800
Operating profit	707	0.4%	2,500	1.2%	253.5%	1,792	3,500	(1,000)	2,100	400
Ordinary profit	591	0.4%	1,600	0.8%	170.4%	1,008	2,800	(1,200)	1,000	600
Profit (loss) attributable to owners of parent	(507)	(0.3%)	800	0.4%	—	1,307	2,400	(1,600)	400	400
EPS	(32.40yen)		50.93yen			83.33yen			25.47yen	

Revision of our Full-year Consolidated Earnings Forecasts for FY2023 (by Segment)



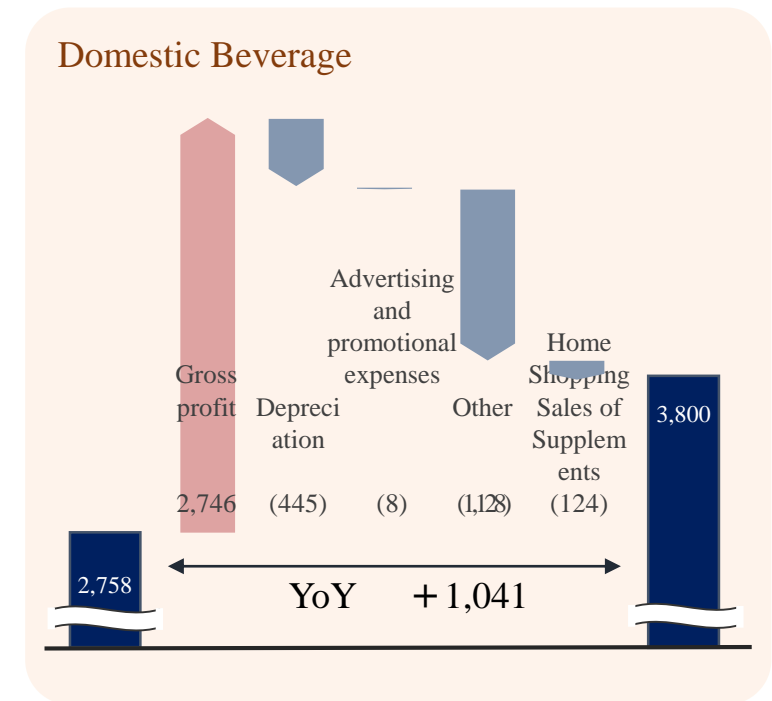
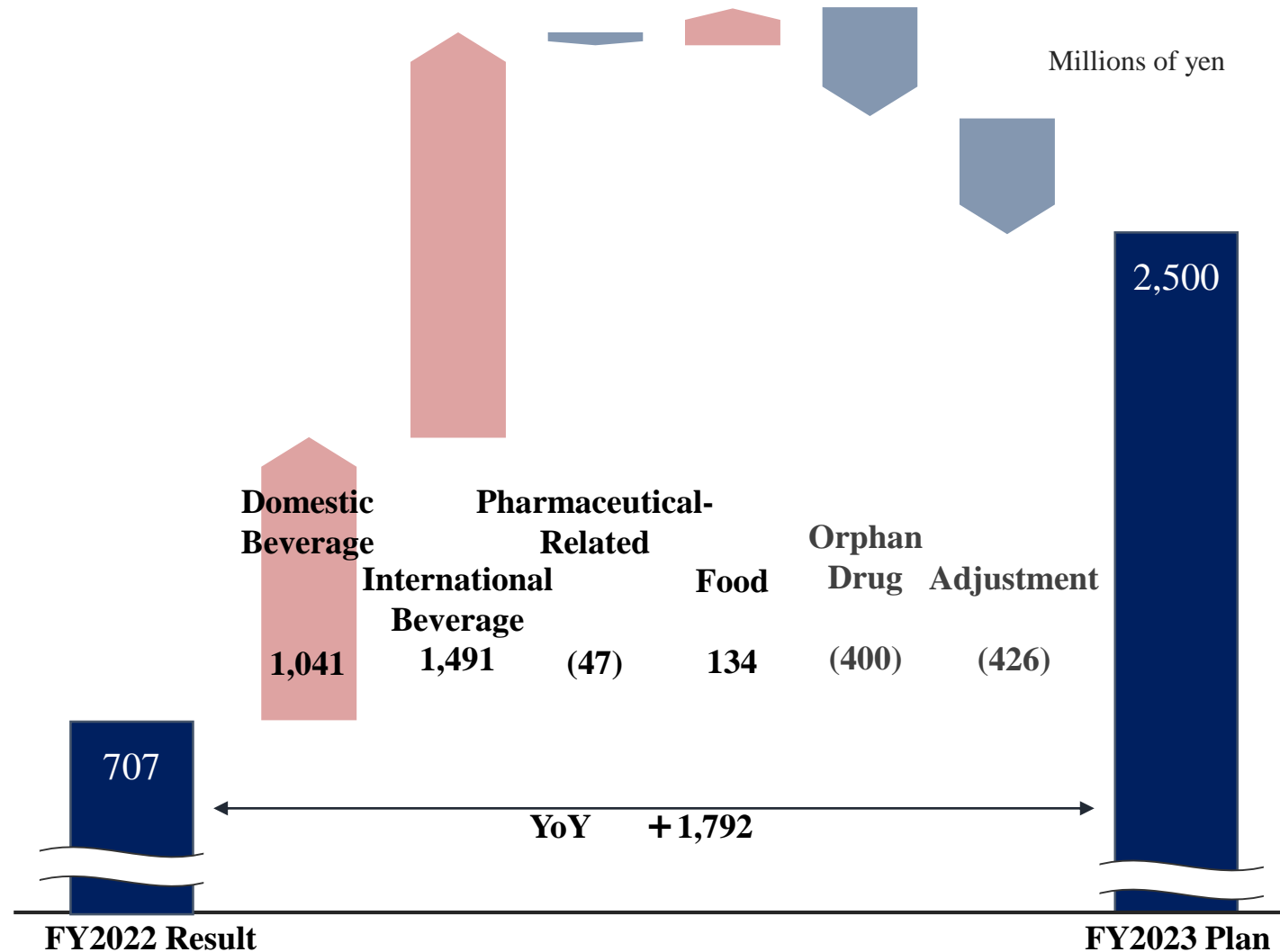
Millions of yen

	Full year											
	Hyperinflation accounting						Before application of hyperinflation accounting					
	FY2022 Results	FY2023 Forecasts		Amount (YoY)	Prior Forecast	Difference	FY2022 Results	FY2023 Forecasts		Amount (YoY)	Prior Forecast	Difference
Domestic Beverage Business	109,770	153,000	39.4%	43,229	154,400	(1,400)	109,770	153,000	39.4%	43,229	154,400	(1,400)
International Beverage Business	18,909	25,900	37.0%	6,990	23,900	2,000	18,339	24,800	35.2%	6,460	22,900	1,900
Pharmaceutical-related Business	12,522	13,000	3.8%	477	13,000	0	12,522	13,000	3.8%	477	13,000	0
Food Business	19,565	20,500	4.8%	934	19,300	1,200	19,565	20,500	4.8%	934	19,300	1,200
Orphan Drug Business	—	—	—	—	—	—	—	—	—	—	—	—
Adjustment	(636)	(600)	—	36	(600)	0	(636)	(600)	—	36	(600)	0
Total net sales	160,130	211,800	32.3%	51,669	210,000	1,800	159,561	210,700	32.0%	51,138	209,000	1,700
Domestic Beverage Business	2,758	3,800	37.8%	1,041	4,300	(500)	2,758	3,800	37.8%	1,041	4,300	(500)
International Beverage Business	(1,091)	400	—	1,491	(100)	500	52	1,400	2544.0%	1,347	900	500
Pharmaceutical-related Business	347	300	(13.8%)	(47)	300	0	347	300	(13.8%)	(47)	300	0
Food Business	765	900	17.5%	134	800	100	765	900	17.5%	134	800	100
Orphan Drug Business	(499)	(900)	—	(400)	(1,100)	200	(499)	(900)	—	(400)	(1,100)	200
Adjustment	(1,573)	(2,000)	—	(426)	(2,100)	100	(1,573)	(2,000)	—	(426)	(2,100)	100
Total operating profit	707	2,500	253.5%	1,792	2,100	400	1,851	3,500	89.1%	1,648	3,100	400

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

FY2023 Consolidated Full-year Performance Outlook Factors Contributing to Changes in Operating Profit: Compared to the Previous Year

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





02 Segment Overview

Sales increased due to the effect of an increase in the number of subsidiaries, and profit increased due to the effect of price revisions. Both sales and profit increased even on an organic basis, excluding the effect of increased subsidiaries.

Millions of yen

	3rd quarter					Full year					Prior Forecast difference			
	FY2022		FY2023			FY2022		FY2023						
	Results	Component ratio	Results	Component ratio	% (YoY)	Amount (YoY)	Results	Component ratio	Forecasts	Component ratio	% (YoY)	Amount (YoY)		
Net sales	83,554	–	117,957	–	41.2%	34,403	109,770	–	153,000	–	39.4%	43,229	154,400	(1,400)
Operating profit	2,767	3.3%	4,788	4.1%	73.0%	2,020	2,758	2.5%	3,800	2.5%	37.8%	1,041	4,300	(500)
Depreciation	3,407		3,818		12.1%	410	4,632		5,000		7.9%	367	5,000	0
Amortization of goodwill	–		77		–	77	–		100		–	100	100	0

(From January 21st to October 20th)

- Significant increase in sales due to the effect of an increase in the number of subsidiaries resulting from the establishment of Dynamic Vending Network, Inc.
- Significant increase in profit due to price revisions that offset increased costs for containers and packaging materials, etc.
- Price revisions in the vending machine channel were implemented in November of this year to ensure an appropriate level of profit in the next fiscal year and beyond (p. 21)
- In the distribution channel, amid intensifying promotional investments by competitors, effective sales promotion activities based on a profit-oriented policy minimised the negative impact of price revisions on sales volumes, and the effects of the price revisions led to an increase in sales.
- Home shopping sales of supplements achieved a record number of loyal users, and will continue efforts to acquire more regular customers.

Sales by channel

	FY2022	Millions of yen / Thousands of bottles			
		FY2023	% (YoY)	Amount (YoY)	
Net sales	Vending machine	70,609	104,797	48.4%	34,188
	Distribution • Export	9,569	9,901	3.5%	332
	Home Shopping Sales of Supplements	3,375	3,258	(3.5%)	(117)
	Total	83,554	117,957	41.2%	34,403
Bottles	Vending machine	809,001	1,049,029	29.7%	240,028
	Distribution	176,603	165,261	(6.4%)	(11,341)
	Total	985,604	1,214,290	23.2%	228,686

Record sales and operating profit in the third quarter due to the rapid progress of the mainstay Turkish Beverage Business.

Millions of yen

	3rd quarter						Full year						Prior Forecast difference			
	FY2022		FY2023		(Ref) Before application of hyperinflation accounting	FY2022		FY2023		FY2023						
	Results	Component ratio	Results	Component ratio		% (YoY)	Amount (YoY)	Results	Impact on performance	Results	Component ratio	% (YoY)			Amount (YoY)	
Net sales	15,507	—	20,628	—	33.0%	5,121	19,816	812	18,909	—	25,900	—	37.0%	6,990	23,900	2,000
Operating profit (loss)	(752)	(4.9%)	694	3.4%	—	1,447	1,680	(985)	(1,091)	(5.8%)	400	1.5%	—	1,491	(100)	500
Depreciation	549		645		17.4%	95	330	314	718		1,500		108.8%	781	1,500	0
JPY per TRY	7.86yen		5.45yen		(2.41yen)		6.28yen	-	7.09yen		5.20yen		(1.89yen)		5.20yen	0.00yen
JPY per CNY	19.47yen		19.72yen		0.25yen		-	-	19.52yen		19.50yen		(0.02yen)		19.50yen	0.00yen

* 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 September 30th)

➤ Turkey

- Sales volume and value both increased due to strategic price revisions and flexible implementation of sales promotion activities amid ongoing inflation and the depreciation of the lira, with sales in local currency terms approximately 1.8 times higher than in the previous year.
- Significant increase in profit despite a difficult cost environment due to soaring raw material prices against a backdrop of inflation and the weak lira, as well as increased labor and logistics costs, thanks to increased sales and the effects of cost-cutting measures.

➤ Other countries

- In China, sales of locally manufactured products remained strong, and we achieved 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%	+91%		+78%
Sales volume	+0.1%	(9.2%)	+23.3%		+4.3%

Record-high third quarter sales were driven by strong orders for quasi-drug pouched products.

Millions of yen

	3rd quarter						Full year							
	FY2022		FY2023				FY2022		FY2023				Prior Forecast	
	Results	Component ratio	Results	Component ratio	% (YoY)	Amount (YoY)	Results	Component ratio	Forecasts	Component ratio	% (YoY)	Amount (YoY)		difference
Net sales	9,654	—	9,944	—	3.0%	289	12,522	—	13,000	—	3.8%	477	13,000	0
Operating profit	377	3.9%	397	4.0%	5.2%	19	347	2.8%	300	2.3%	(13.8%)	(47)	300	0
Depreciation	878		864		(1.6%)	(13)	1,170		1,200		2.5%	29	1,200	0

(From January 21st to October 20th)

- Sales increased due to strong orders for quasi-drug pouch products and the effect of price revisions implemented from the second half of last year onwards.
- Increase in sales absorbed the impact of higher raw material prices, resulting in an increase in profit.
- Pouch line continues to operate at full capacity and continues to strengthen production system to increase production.

DAIDO Yakuhin's Plants

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



Types of container DAIDO Yakuhin is able to contract manufacture

Sales and profit increased due to the effect of price revisions as well as favorable sales due to mild weather.

Millions of yen

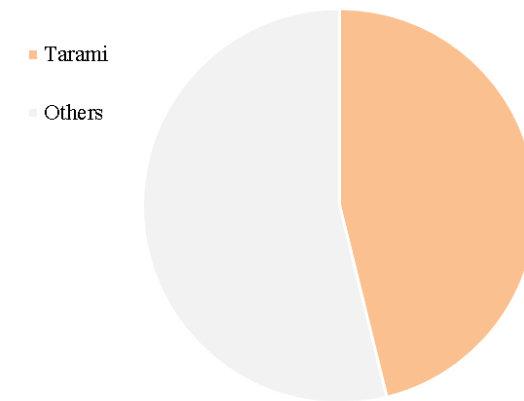
	3rd quarter						Full year							
	FY2022		FY2023				FY2022		FY2023				Prior Forecast	
	Results	Component ratio	Results	Component ratio	% (YoY)	Amount (YoY)	Results	Component ratio	Forecasts	Component ratio	% (YoY)	Amount (YoY)		difference
Net sales	16,445	—	17,060	—	3.7%	614	19,565	—	20,500	—	4.8%	934	19,300	1,200
Operating profit before subtracting amortization of goodwill, etc.	1,580	9.6%	1,635	9.6%	3.5%	55	1,117	5.7%	1,251	6.1%	12.0%	134	1,151	100
Amortization of goodwill, etc.	263	1.6%	263	1.5%	0.0%	0	351	1.8%	351	1.7%	0.0%	0	351	0
Operating profit	1,316	8.0%	1,371	8.0%	4.2%	55	765	3.9%	900	4.4%	17.5%	134	800	100
Depreciation*	632		663		4.9%	30	848		1,000		17.8%	151	1,000	0

*Depreciation includes a portion of Amortization of goodwill etc.

(From January 1st to September 30th)

- Due to the extremely hot summer and continued warm weather after the peak season, the dry jelly market grew 3% year on year and the konjac pouch jelly market grew 6% year on year.
- In addition to the effect of price revisions implemented last October, continued warm weather and the success of sales promotion activities resulted in strong sales even after the peak season, leading to an increase in net sales.
- In terms of expenses, the higher cost of raw materials such as fruit pulp and sugar due to yen depreciation and inflation, as well as labor costs related to factory operations, were absorbed by the effect of higher sales, resulting in an increase in profit.

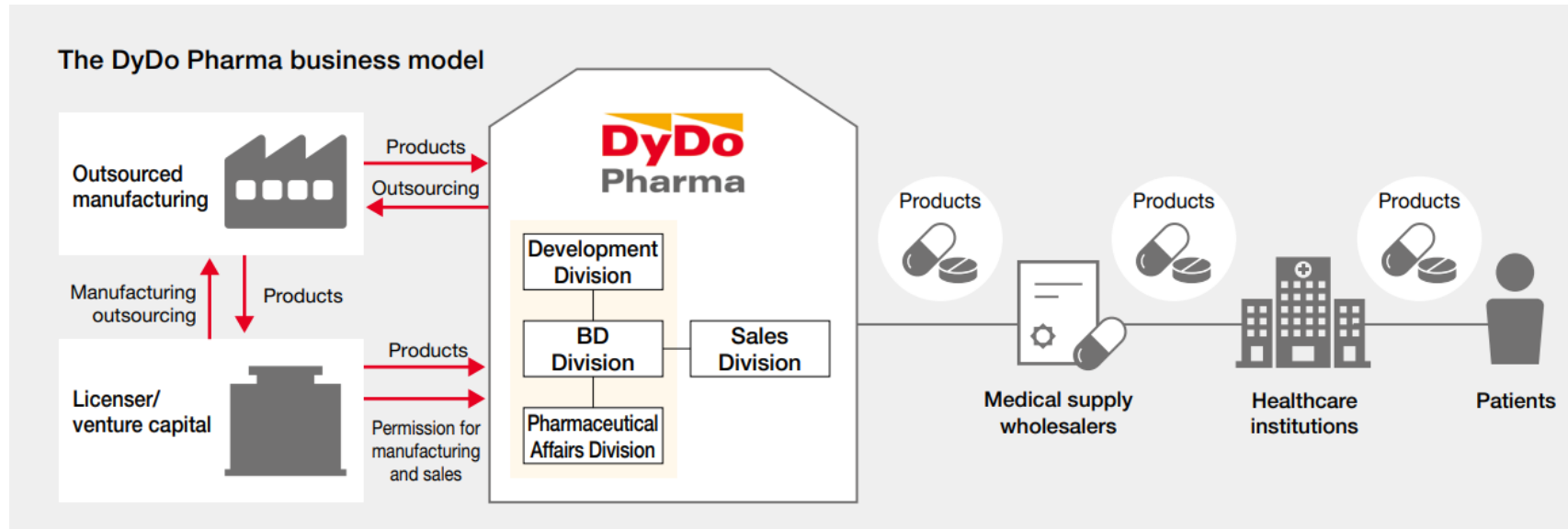
Tarami's share of the dry jelly market



* Including Private Brand/Based on our own research

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

Business model



Development pipeline (as of November 2023)

● **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 (Obtained preliminary results of a favorable analysis in a Phase III clinical trial)



03 Reference Materials

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

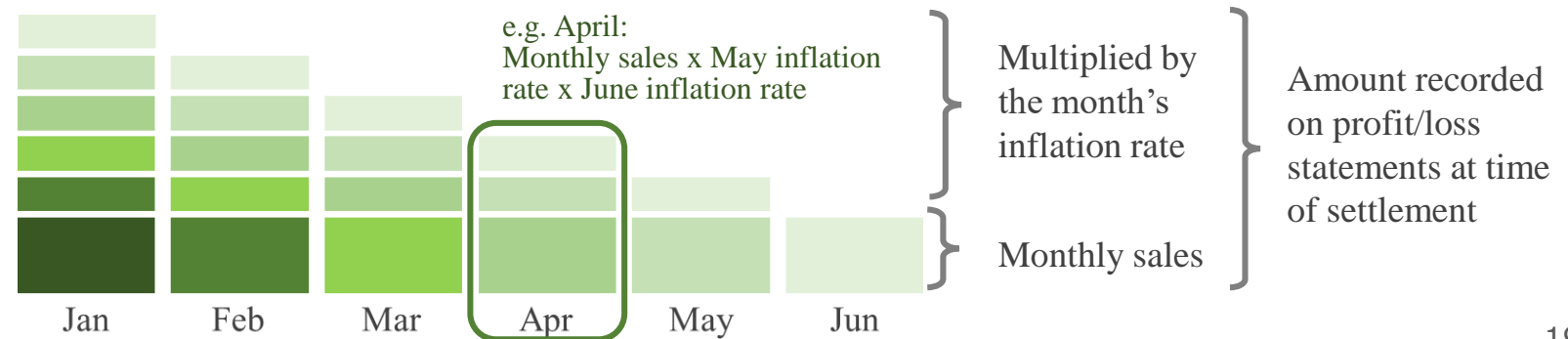
	Impact amount on consolidated profit/loss statements (difference from conventional standards)
Net sales	812
Cost of sales	
Gross profit	
SG&A	
Depreciation	
Operating profit	(985)
Non-operating income	94
Ordinary profit	(891)
Corporation tax, etc.	
Net profit	(1,169)

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)



Domestic Beverage Business: Implementing a sales promotion during the peak summer season



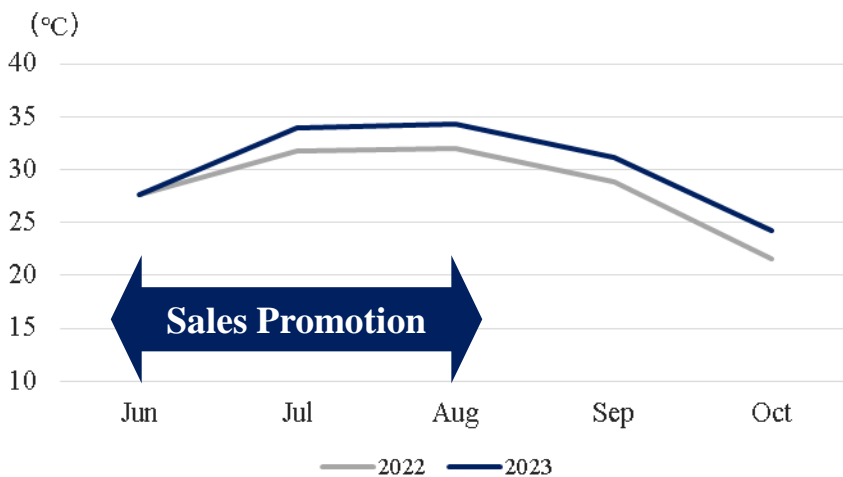
A sales promotion to encourage the purchase of eight beverage products was held during the peak season from June 1 to August 31.

Sales volume of “MIU Water“ during the June-August period was 117% of the previous year, minimizing the volume decline due to price revisions.

Promotional Items



Monthly average of daily maximum temperature in Tokyo



*The data from the Japan Meteorological Agency



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Domestic Beverage Business: Securing an appropriate level of profit in response to rising costs

Responding to ongoing cost increases, we will work to secure an appropriate level of profit, including implementing price revisions.

Cost insight and price revisions

- With crude oil prices remaining high and the yen depreciating, costs are expected to continue to rise in the next fiscal year and beyond, including raw material prices, processing fees, and shipping costs.
- Aim to reduce costs throughout the business and secure an appropriate level of profit through price revisions.
- To maintain sales volume, work on new acquisition and prevention of pull-up of high-per machine* locations, deployment of machines that support electronic payment, etc.

*Sales per vending machine

Summary of price revisions for FY 2022 and beyond

		From 1st October 2022	From 1st May 2023	From 1st November 2023
Items		Bottle-canned and PET coffees, along with soft drinks* were mainly	SOT(Stay-on Tab) coffees were mainly	Bottle-canned and PET coffees, along with soft drinks* were mainly
Channel	Vending Machines	●	●	●
	Distribute	●	●	—
Price of revisions		List prices increased by 9% to 25%	List prices increased by 7% to 22%	Sales price at vending machines increased by 10 yen to 30 yen

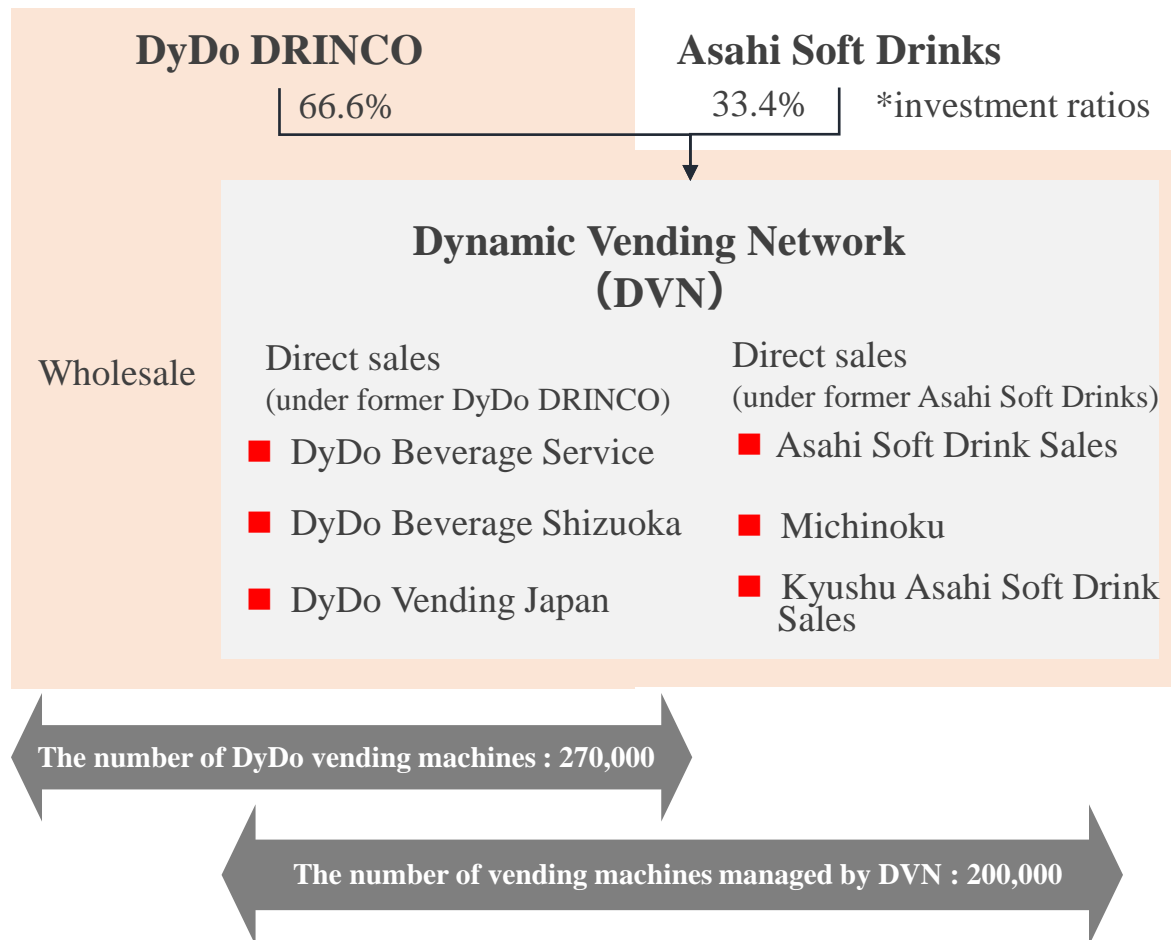
*Some products were not eligible.

Domestic Beverage Business: 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.

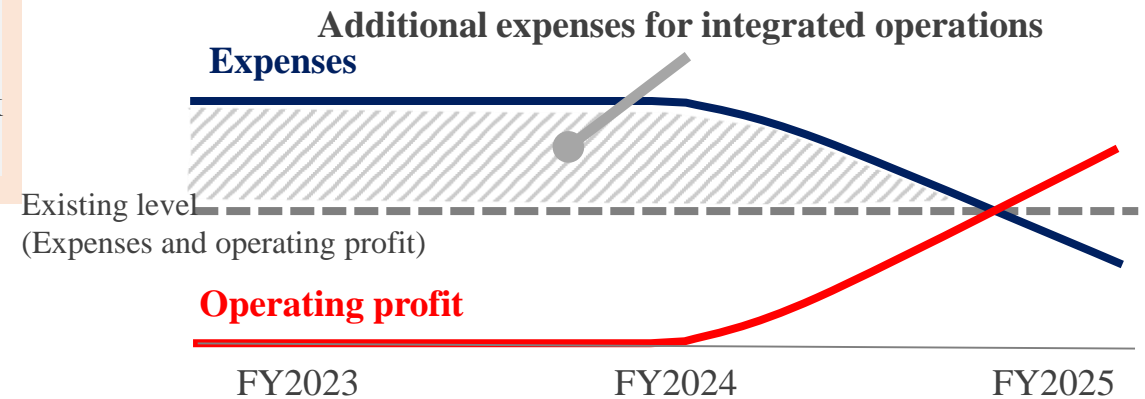
Domestic Beverage Business (vending machine channel)



Operational Plan of Dynamic Vending Network, Inc.

FY2023	FY2024	FY2025
Infrastructure <ul style="list-style-type: none"> Change in closing date Introduction of the new systems 	Optimization <ul style="list-style-type: none"> Plans to introduce SM/O in former subsidiaries of Asahi Soft Drinks Improved efficiency of delivery routes Review of operation bases 	Operation integrated

Image of expenses and operating profit in DVN



Domestic Beverage Business: Evolution of Smart Operations and Future Prospects

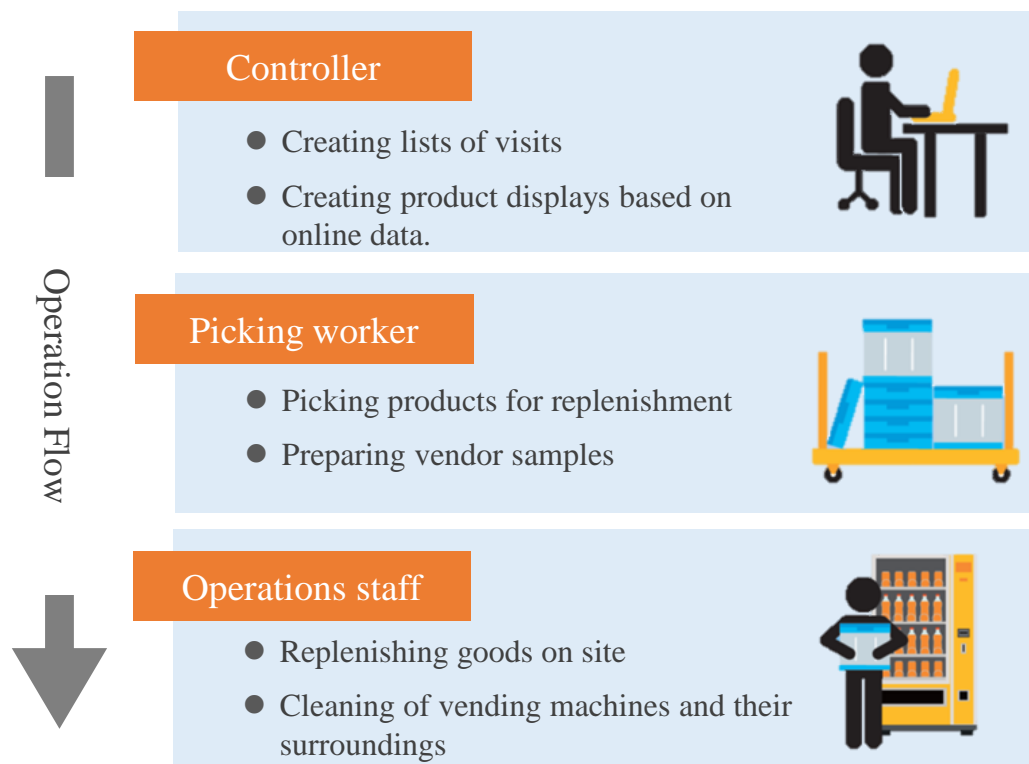
Using AI to plan vending machine operations to further improve efficiency.

Continue to work on the evolution of smart operations and expanding the number of customers to which they are introduced to establish a firm competitive edge in the vending machine market.

- Revamped the core system to a new one compatible with smart operations and introduced an AI function for planning the list of clients to be visited (deployment to all sales offices to be completed in FY 2023)
- In the future, we aim to expand Smart Operation to Asahi Soft Drinks' former subsidiaries and Kyoekikai*.

*Special contract operator of DyDo vending machines

Operation Flow in Smart Operations



Status of smart operations implementation

