



# **FY2023 (Year Ended January 20, 2024) Financial Highlights**

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**DyDo Group Holdings, Inc.**

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

**March 1, 2024**

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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 FY2023, net sales were 213.3 billion yen (+32.2%) and operating profit was 3.7 billion yen (+427.9%).**

**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 subsidiaries resulting from the establishment of a new company, Dynamic Vending Network, Inc. Significant increase in profit was due to the effects of price revisions implemented in October 2022 and May 2023, and in part to price revision in the vending machine channel implemented in November 2023.
- ✓ International Beverage Business achieved record high sales and operating profit in its mainstay Turkish Beverage Business by significantly improving profitability through strategic price revisions and sales measures, despite high costs due to high inflation and a weak lira.
- ✓ Pharmaceutical-related Business recorded its highest ever sales 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.

Accounting adjustments have been made for the Turkish subsidiary in accordance with the requirements set forth in IAS 29, "Financial Reporting in Hyperinflationary Economies ("Hyperinflation Accounting)". Effective from the fourth quarter of FY 2023, "inflation accounting" has also been applied for local tax and accounting purposes in Turkey. For an overview of hyperinflation accounting and inflation accounting and their main effects, please refer to P.30-32.



# **01** **FY2023 Financial Highlights and FY2024 Full-year Performance Forecasts**

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# Overview of Consolidated Financial Results for FY2023



**Sales increased significantly due to the effect of an increase in subsidiaries in the Domestic Beverages Business and increase in sales in International Beverage Business.**

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

Millions of yen

	Full year							
	FY2022		FY2023				(Ref) Before application of hyperinflation accounting	
		Component ratio	Amount (YoY)	Component ratio	% (YoY)	Amount (YoY)		Impact on performance
Net sales	160,130	100.0%	<b>213,370</b>	100.0%	33.2%	53,239	213,453	(83)
Operating profit	707	0.4%	<b>3,732</b>	1.7%	427.9%	3,025	5,065	(1,332)
Ordinary profit	591	0.4%	<b>3,115</b>	1.5%	426.5%	2,523	4,078	(962)
Profit (loss) attributable to owners of parent	(507)	(0.3%)	<b>4,423</b>	2.1%	-	4,930	4,130	292
EPS*	(16.20yen)		<b>140.77yen</b>			156.97yen		

\*The Company carried out a two-for-one share split of its ordinary shares on 21 January 2024. Earnings/Loss per share has been calculated as if the stock split had taken place at the beginning of the previous fiscal year.

# FY2023 Consolidated Earnings (by Segment)

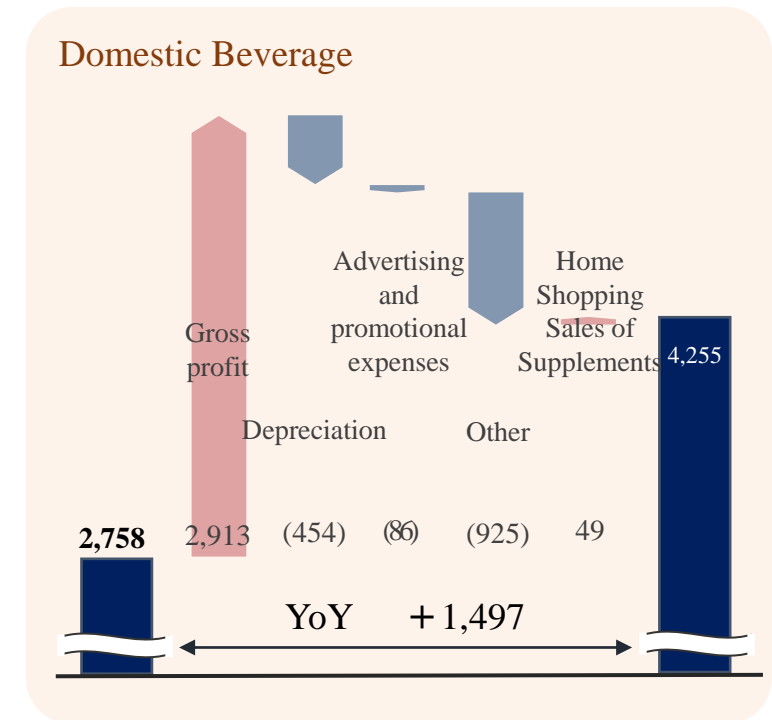
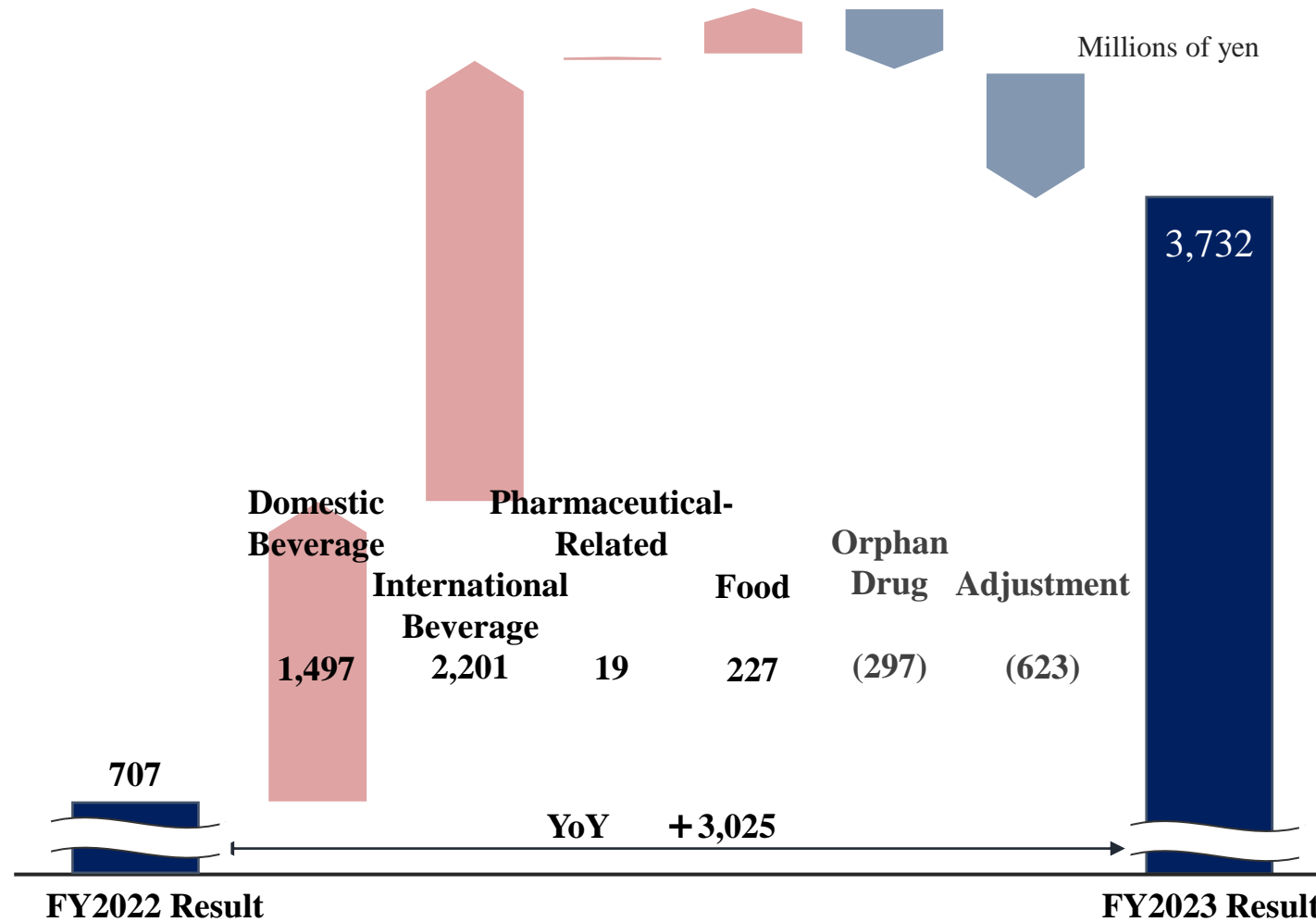


Millions of yen

	Full year							
	Hyperinflation accounting				Before application of hyperinflation accounting			
	FY2022	FY2023		Amount (YoY)	FY2022	FY2023		Amount (YoY)
		% (YoY)				% (YoY)		
Domestic Beverage Business	109,770	<b>153,623</b>	39.9%	43,853	109,770	<b>153,623</b>	39.9%	43,853
International Beverage Business	18,909	<b>26,444</b>	39.9%	7,535	18,339	<b>26,527</b>	44.6%	8,188
Pharmaceutical-related Business	12,522	<b>12,963</b>	3.5%	440	12,522	<b>12,963</b>	3.5%	440
Food Business	19,565	<b>20,705</b>	5.8%	1,139	19,565	<b>20,705</b>	5.8%	1,139
Orphan Drug Business	—	<b>—</b>	—	—	—	<b>—</b>	—	—
Adjustment	(636)	<b>(366)</b>	—	270	(636)	<b>(366)</b>	—	270
Total net sales	160,130	<b>213,370</b>	33.2%	53,239	159,561	<b>213,453</b>	33.8%	53,892
Domestic Beverage Business	2,758	<b>4,255</b>	54.3%	1,497	2,758	<b>4,255</b>	54.3%	1,497
International Beverage Business	(1,091)	<b>1,110</b>	—	2,201	52	<b>2,442</b>	4513.4%	2,389
Pharmaceutical-related Business	347	<b>367</b>	5.7%	19	347	<b>367</b>	5.7%	19
Food Business	765	<b>993</b>	29.7%	227	765	<b>993</b>	29.7%	227
Orphan Drug Business	(499)	<b>(796)</b>	—	(297)	(499)	<b>(796)</b>	—	(297)
Adjustment	(1,573)	<b>(2,197)</b>	—	(623)	(1,573)	<b>(2,197)</b>	—	(623)
Total operating profit	707	<b>3,732</b>	427.9%	3,025	1,851	<b>5,065</b>	173.6%	3,213

# Factors Contributing to Changes in Operating Profit in FY2023 : 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.



\*Gross profit, Depreciation, and Advertising and promotion expenses do not include the effect of the increase in subsidiaries. The effect is included in "Others" along with other cost increases.

# FY2024 Full-year Performance Forecasts by Segment



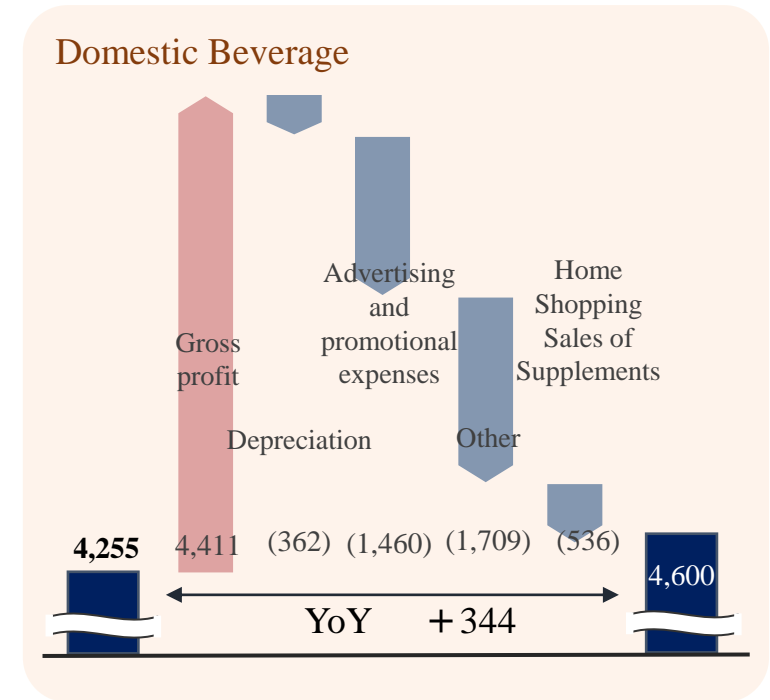
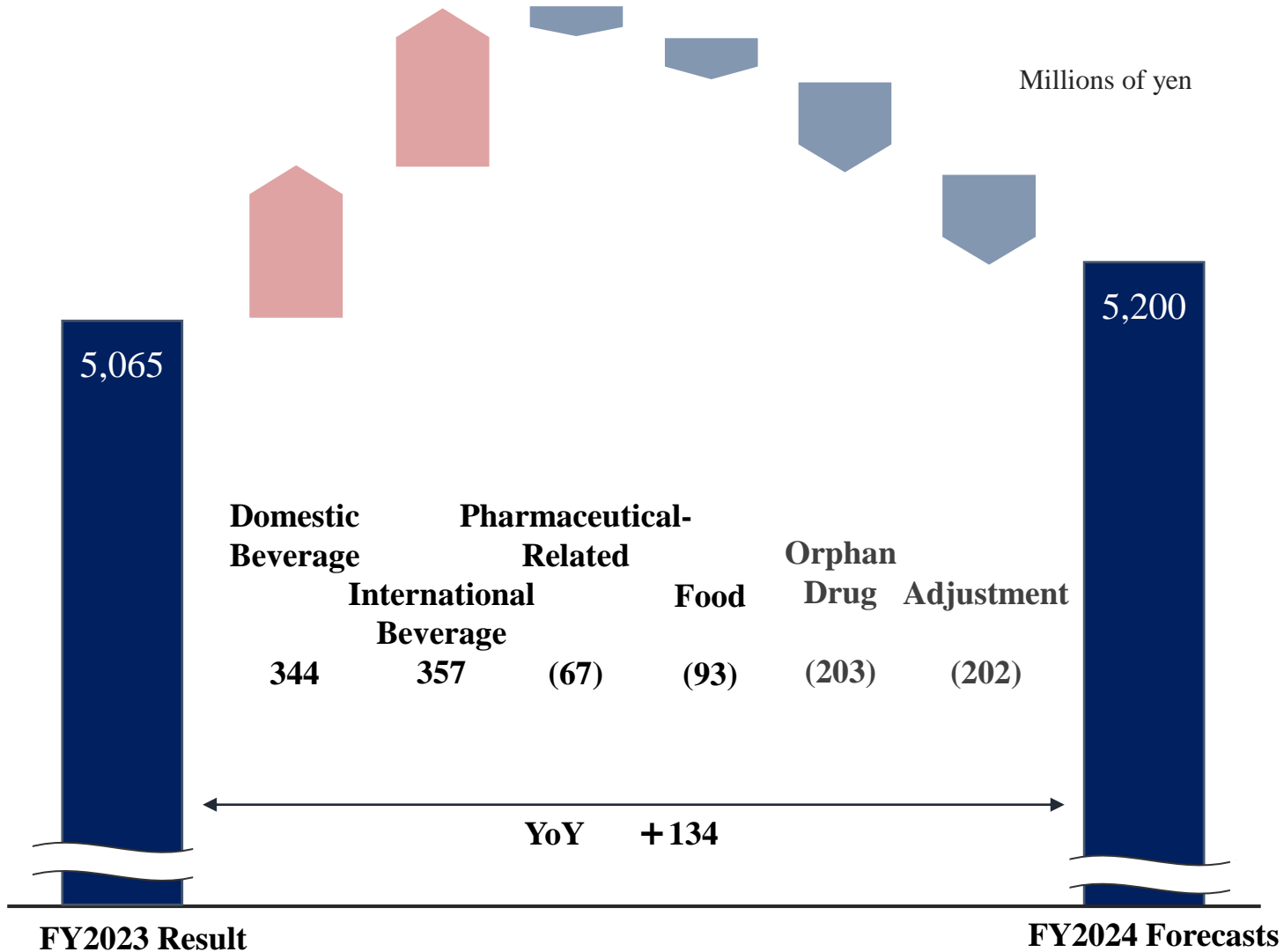
Millions of yen

	Hyperinflation accounting		(Ref) Before application of hyperinflation accounting			
	Full year		Full year			
	FY2023		FY2023	FY2024		
	Results		Results	Forecasts	% (YoY)	Amount (YoY)
Domestic Beverage Business	153,623		153,623	157,300	2.4%	3,676
International Beverage Business	26,444		26,527	44,600	68.1%	18,072
Pharmaceutical-related Business	12,963		12,963	13,600	4.9%	636
Food Business	20,705		20,705	21,200	2.4%	494
Orphan Drug Business	—		—	—	—	0
Adjustment	(366)		(366)	(500)	—	(133)
<b>Total net sales</b>	<b>213,370</b>		<b>213,453</b>	<b>236,200</b>	<b>10.7%</b>	<b>22,746</b>
Domestic Beverage Business	4,255		4,255	4,600	8.1%	344
International Beverage Business	1,110		2,442	2,800	14.6%	357
Pharmaceutical-related Business	367		367	300	(18.4%)	(67)
Food Business	993		993	900	(9.4%)	(93)
Orphan Drug Business	(796)		(796)	(1,000)	—	(203)
Adjustment	(2,197)		(2,197)	(2,400)	—	(202)
<b>Total operating profit</b>	<b>3,732</b>		<b>5,065</b>	<b>5,200</b>	<b>2.7%</b>	<b>134</b>



# (Reference) Factors Contributing to Changes in Operating Profit in FY 2024 forecasts –before the application of hyperinflation accounting –

Expect improved gross profit in Domestic Beverage Business and profit contribution from Wosana S.A. in International Beverage Business



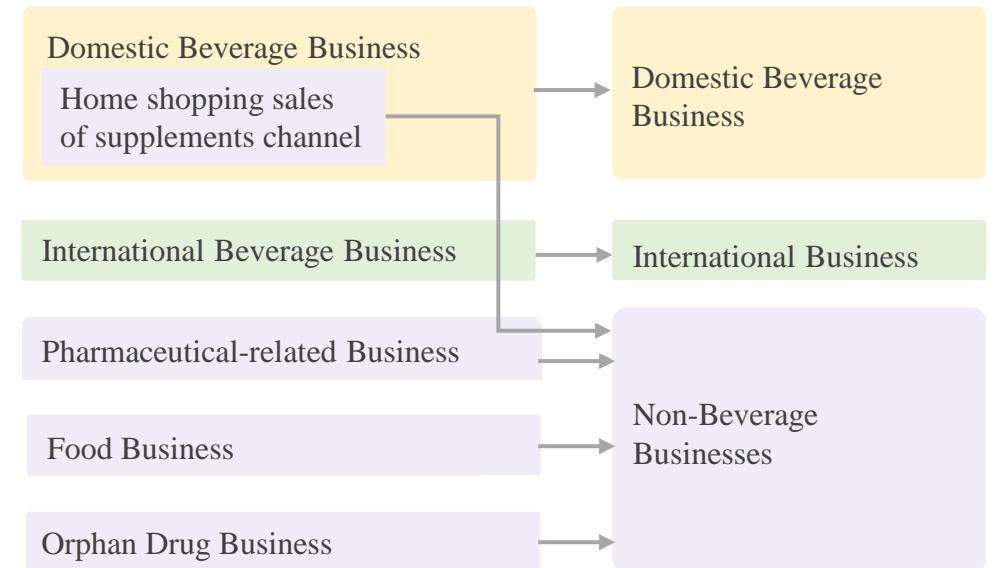
\*Gross profit, Depreciation, and Advertising and promotion expenses do not include the effect of the increase in subsidiaries. The effect is included in "Others" along with other cost increases.

## 02 Group Mission 2030 / Mid-Term Business Plan 2026

### Business category

- Reporting segment

- Category under the basic policies of Group Mission 2030 (Classification in this section)



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\*1)

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

**carbon neutral by 2030**

We will aim to cut CO<sub>2</sub> emissions (Scope 1 and 2) for major Japanese group subsidiaries\*3 **by half**\*4 compared to 2020 levels by 2030

## Economic value

We will aim to improve our corporate value in the medium to long term

Consolidated ROIC in FY2029

**8% or higher**

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

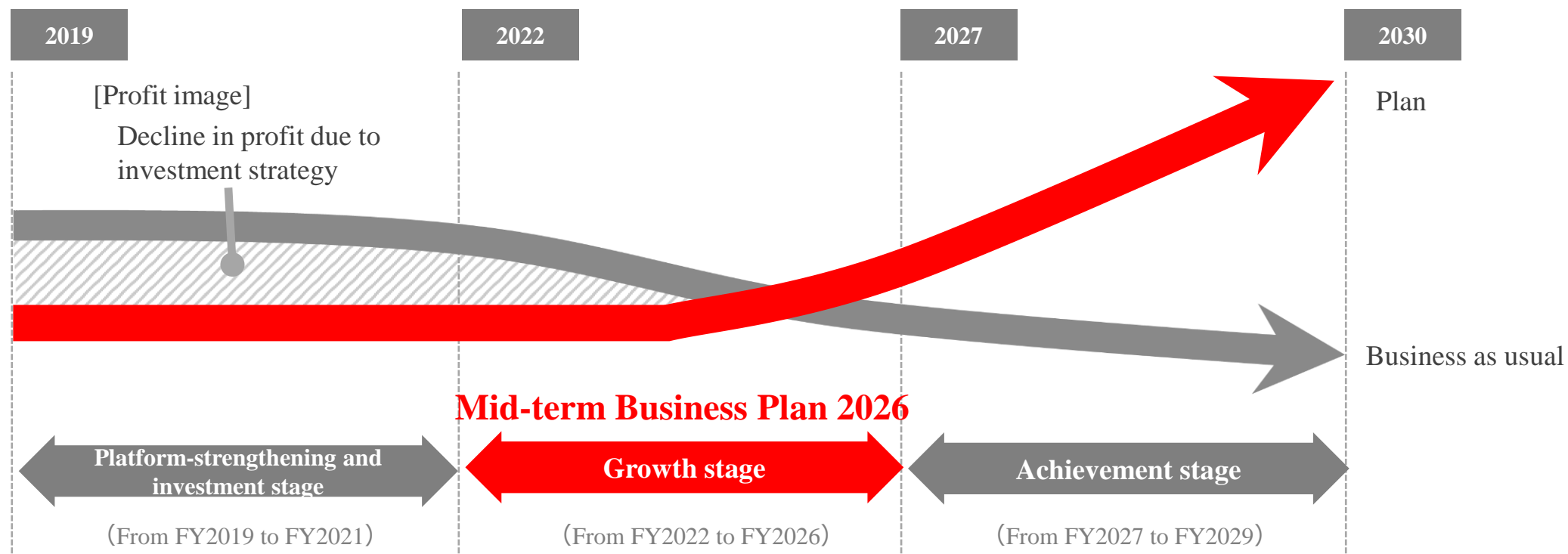
\*1 CO<sub>2</sub> emissions produced by vending machines operated by DyDo Beverage Service (Scope 3)

\*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

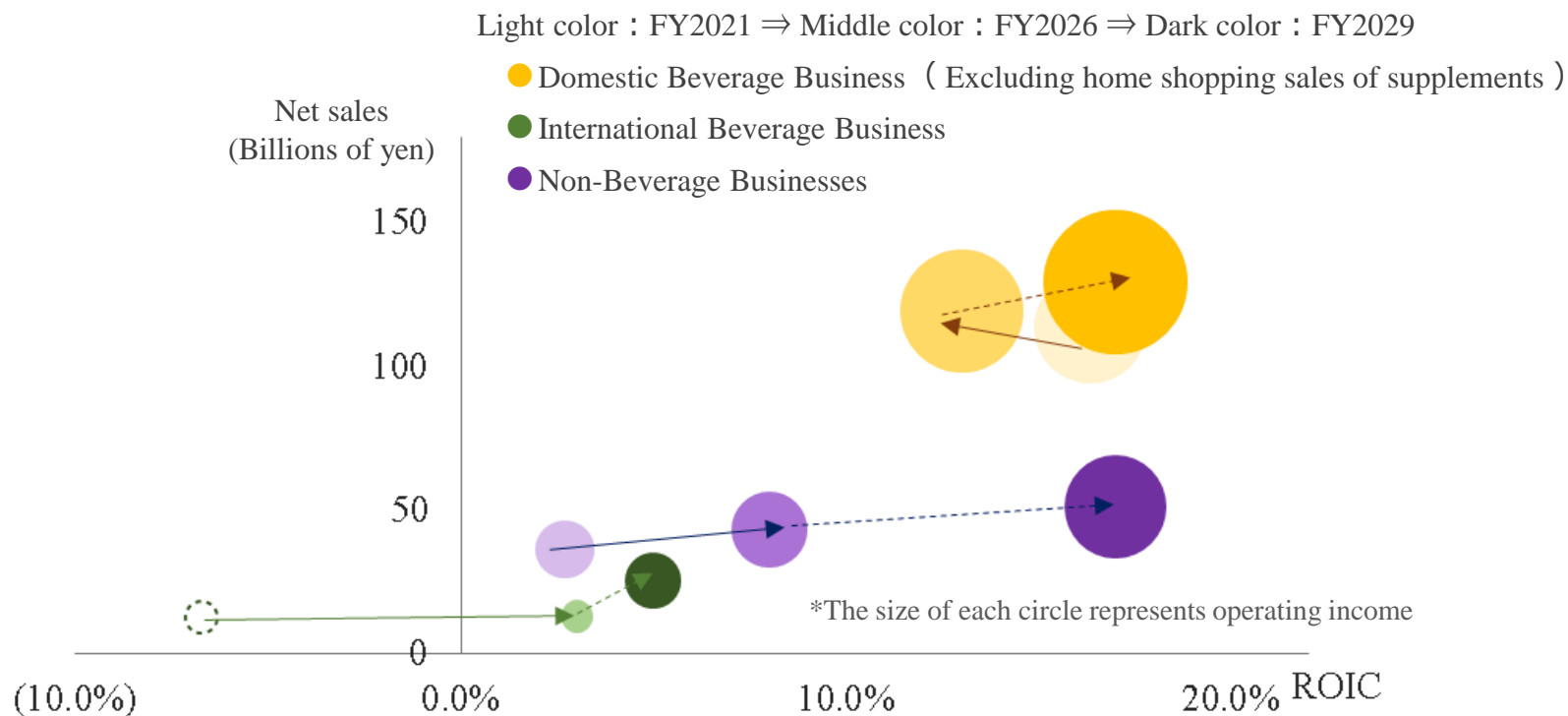
To ensure we achieve the goals of Group Mission 2030, we have divided the period up to 2030 into three stages



## 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%**

**Consolidated ROIC improved compared to the previous fiscal year due to an increase in the invested capital turnover ratio resulting from a significant increase in group-wide sales and an improvement in profit margins, mainly in the International Beverage Business.**

**To achieve the FY2026 target, we will work to improve ROIC in Domestic Beverage Business.**

	Results		Target* 1	Achievement factors and issues
	FY2022	FY2023	FY2026	
Before application of hyperinflation accounting				
Sales growth rate(CAGR)*2	(0.7%)	+16.9%	+3%	Significant increase in sales due to the establishment of Dynamic Vending Network, Inc.
Consolidated operating profit ratio	1.2%	2.4%	4%	The issue is to improve the operating profit margin of Domestic Beverage Business.
Consolidated ROIC*3	1.4%	3.5%	6%	The issue is to improve ROIC in Domestic Beverage Business.
ROIC(Domestic Beverage Business)*3	3.6%	5.8%	13%	The issue is to increase the number of vending machines in operation and sales per machine.
ROIC(International Beverage Business)*3	0.2%	7.5%	3%	Improved invested capital turnover ratio and improved profitability due to significant sales growth
ROIC(Non-Beverage Businesses)*3	4.2%	4.1%	8%	The issue is further sales growth in the Home Shopping Sales of Supplements channel

\*1 Targets will be revised due to changes in assumptions from the original Medium-Term Management Plan 2026 due to business alliances, M&A, and other factors.

\*2 Currency Neutral Basis \*3 Invested capital is the amount invested in the segment



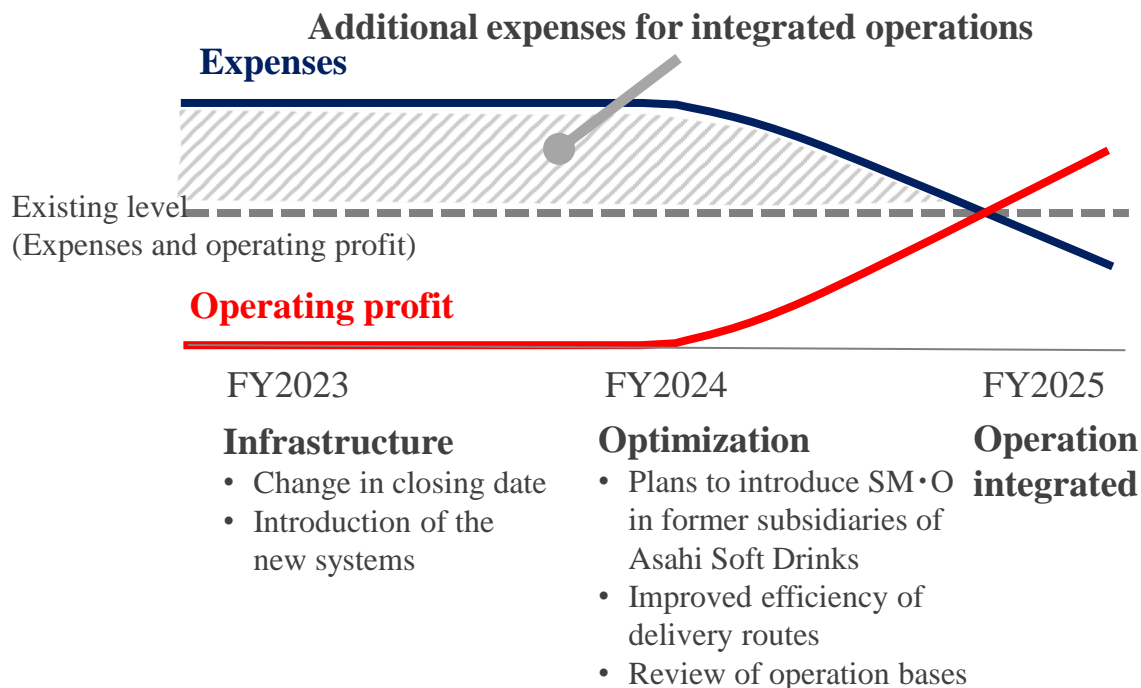
# Operation of Dynamic Vending Network, Inc.

Established operational infrastructure in FY2023, and will work to introduce Smart Operation to Asahi Soft Drinks' former subsidiaries.

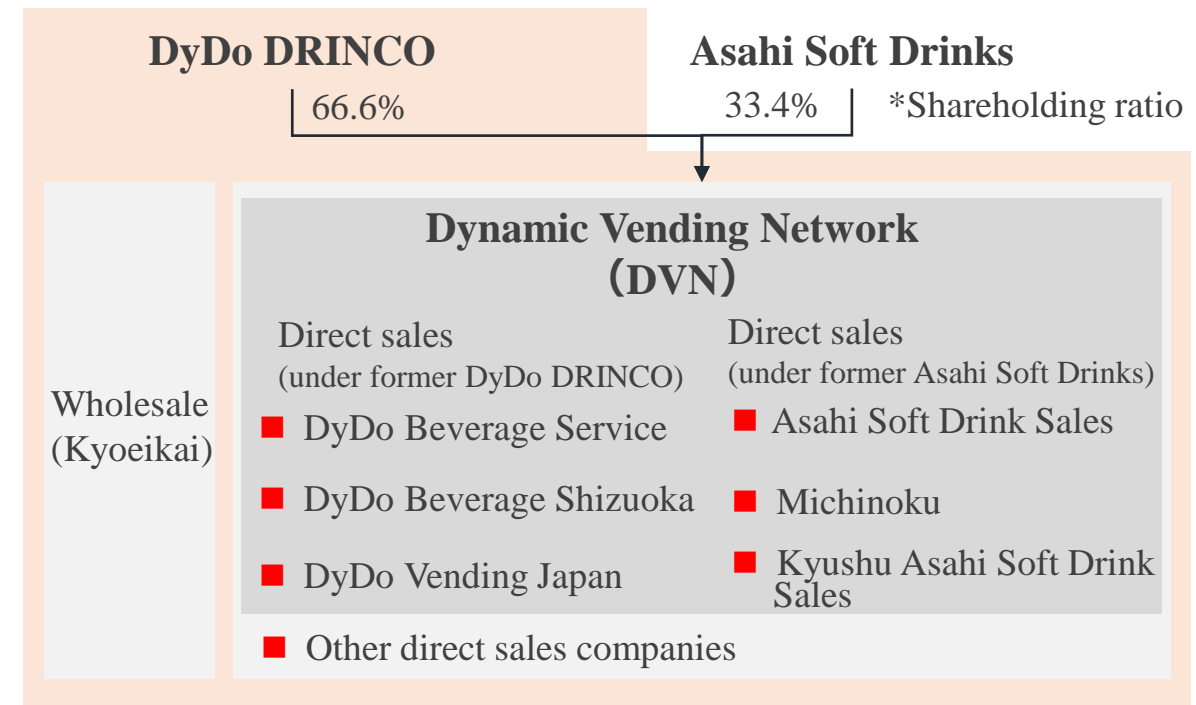
## Initiatives in Dynamic Vending Network, Inc.

- In the first year, we unified the system that serves as the foundation for business operations.
- Smart Operation will be introduced to the former subsidiaries of Asahi Soft Drinks. Profit contribution to the group is expected in FY 2025 and beyond.

### Image of expenses and operating profit in DVN



## Dynamic Vending Network, Inc.



The number of DyDo vending machines : 270,000

The number of vending machines managed by DVN : 200,000

# Productivity Improvement through Smart Operation

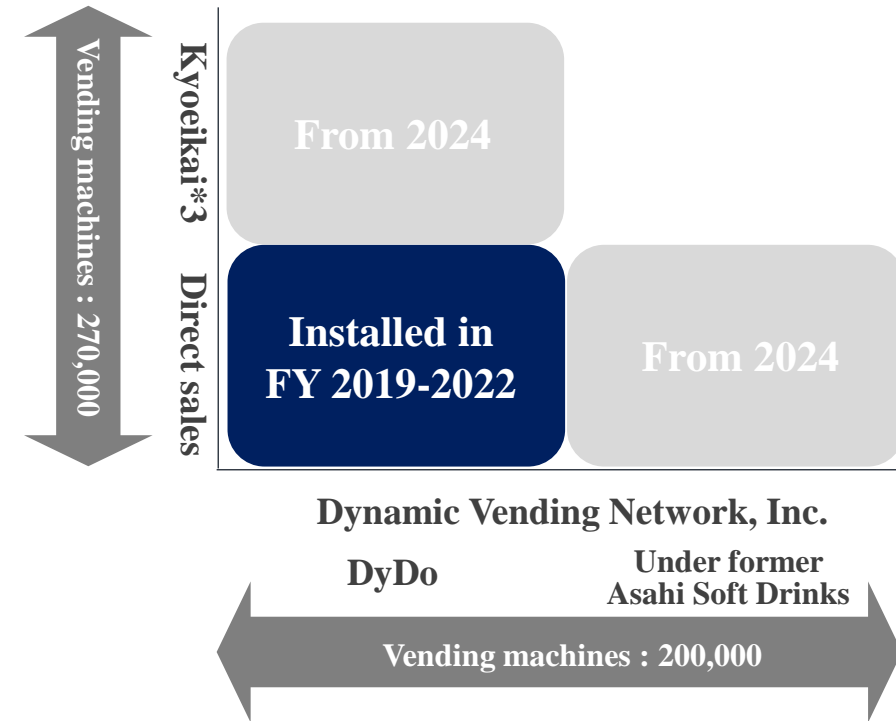
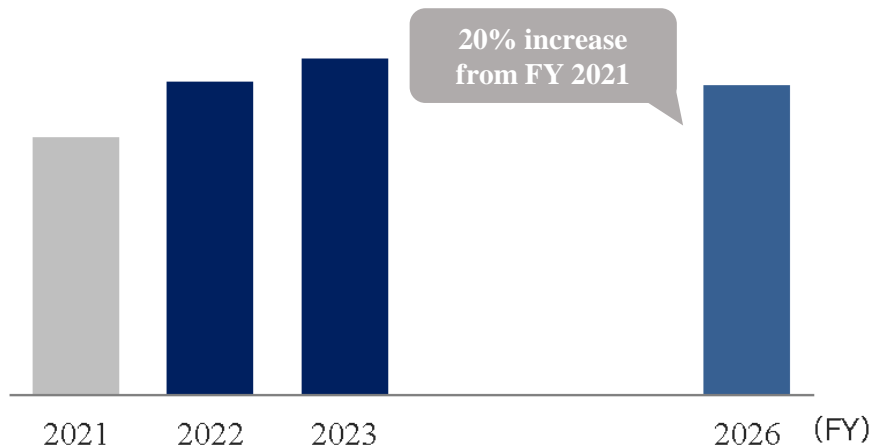
## Continuously improve Smart Operation and expand its adoption

### Using AI in Smart Operation

- In FY 2023, AI was introduced to Smart Operation to optimize the route of visits to vending machines and the number of products refilled.
- In FY 2024, the AI function will be further enhanced to suggest product sets in each vending machine and suggest a schedule for product replacement.
- Smart Operation will be deployed to some of Asahi Soft Drinks' former subsidiaries and Kyoekai\*1 from the second half of FY 2024 onward.

### Plans for Implementing Smart Operation

### Changes in sales per person\*2



\*1 Special contract operator of DyDo vending machines  
 \*2 In charge of vending machine operations  
 \*3 Only a some of the Kyoekai is planned.

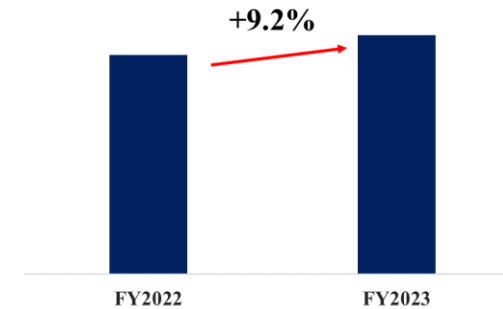
# Setting Appropriate Sales Unit Prices in an Environment of Rising Costs

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

## Implementing price revisions to ensure an appropriate level of profit

- Costs for ingredients, bottles, packaging, processing fees, and delivery costs are rising from FY 2022 onward.
- Aiming not only to reduce costs, but also to secure an appropriate level of profit through price revisions.

## Change in average sales price per unit



\*Excluding former subsidiaries of Asahi Soft Drinks and Home Shopping Sales of Supplements channel.

## The Status of Price Revisions Since Fiscal Year 2022

		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.

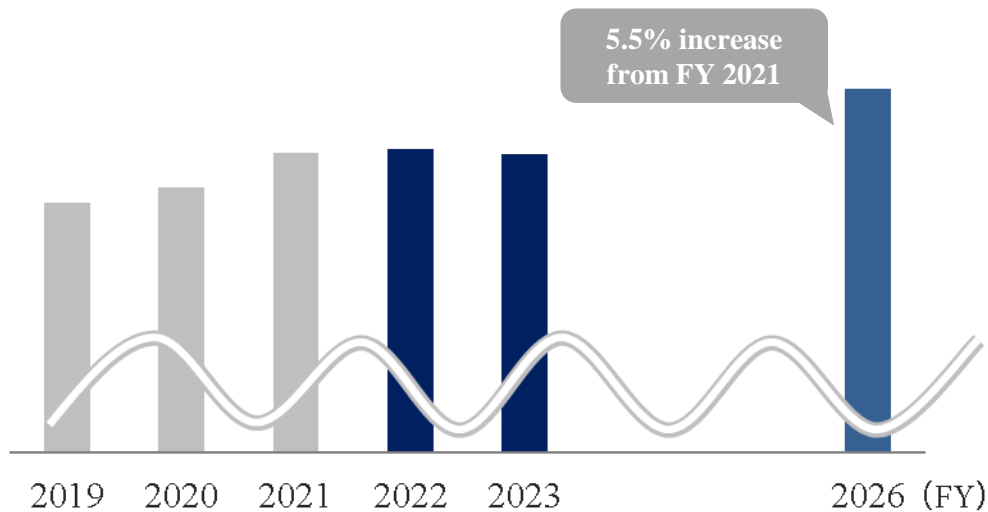
# Improvement of Vending Machine Network

## Steadily enhance the vending machine network, which is the foundation of sales

### Increase the number of vending machines

- The number of vending machines in FY 2023 was on par with the previous year, mainly due to the strategic pullback of unprofitable vending machines at the beginning of the period.
- In FY 2024, we plan to return to an expansionary trend by acquiring new prime locations and reducing the number of pull-ups.

### Number of vending machines in operation

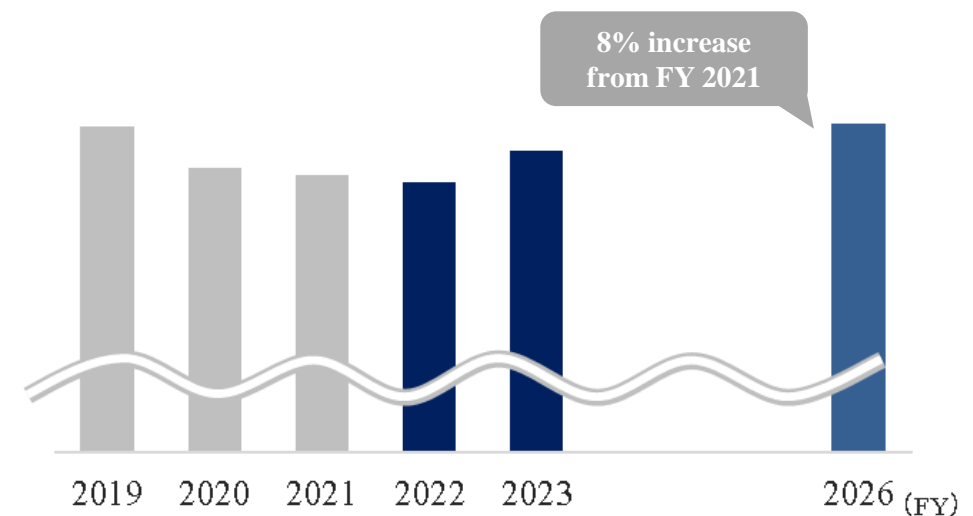


### Increase in sales per machine

- Sales per vending machine in FY 2023 increased 3.7% from FY 2021 due to price revisions
- In FY 2024, we aim to further improve sales per unit by acquiring prime locations and accelerating cashless support\*

\* Targeting 40% cashless ratio in direct sales by FY 2026.

### Changes in sales per vending machine



# Installation of Vending Machines to Fulfill Social Demands

Aiming to solve various social issues through vending machines

## Drink Pay

(Payment by exclusive QR code)

Supporting Health Management and Improvement of user satisfaction



From 2021

Approx. **350** units

## Vending machines that also sell baby diapers

Childcare Support



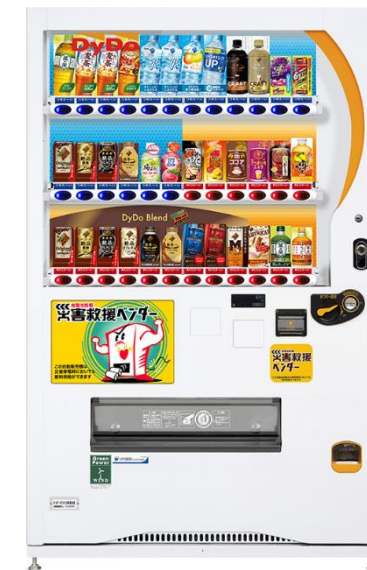
From 2019

Approx. **500** units

## Disaster relief vending machine

(Beverages can be retrieved even during power outages)

Disaster Relief



From 2005

Approx. **11,000** units

# International Beverage Business Centered on the Turkish Beverage Business



## Significant improvement in profitability along with sales expansion in a challenging business environment

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

(Turkey)

- Various costs continue to rise against a backdrop of weak lira and inflation
- Sales growth on a local currency basis due to strategic price revisions and flexible sales measures
- Orders for carbonated beverages and fruit juice beverages surged in response to the Middle East crisis.
- In addition to unit price improvement through price revisions, profitability has been significantly improved by reducing procurement costs, mainly for packaging, curbing sales promotion costs, and reducing distribution costs.

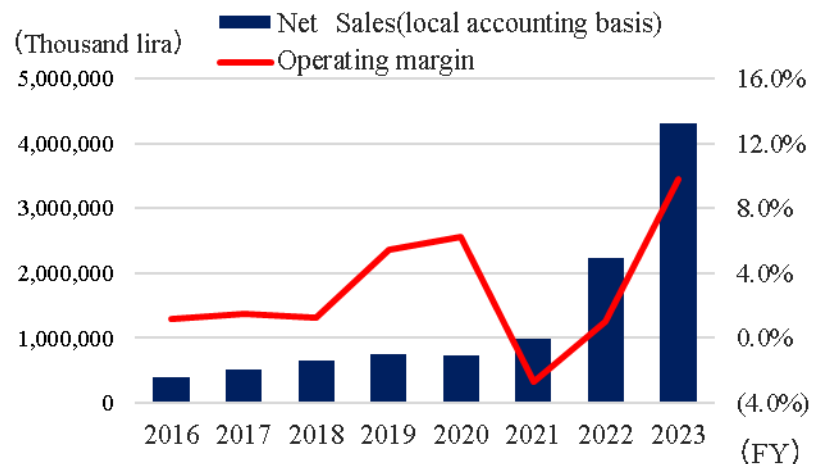
(China)

- Increased the number of locally produced products to four, aiming to strengthen our position in the unsweetened tea category and steadily increase profits.

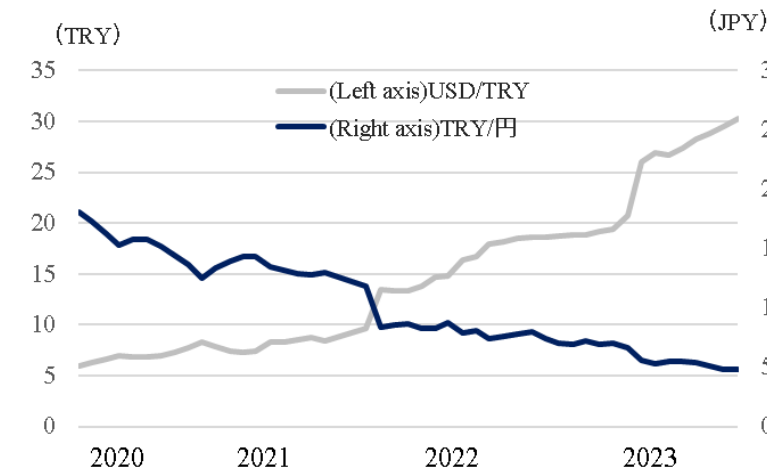


### Turkish Beverage Business Performance

(in local currency/ before application of hyperinflation accounting)



### Trends in the Turkish Lira



### Trends in Inflation in Turkey



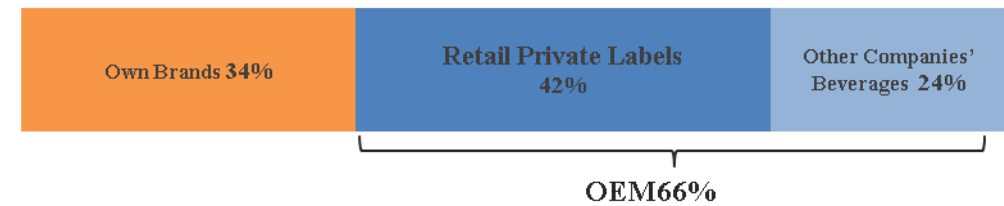
# Entering the Polish market

**In February 2024, acquired 100% of the shares of Wosana S.A., a manufacturer and distributor of soft drinks in Poland. This will strengthen the profit base of the International Beverage Business as a whole.**

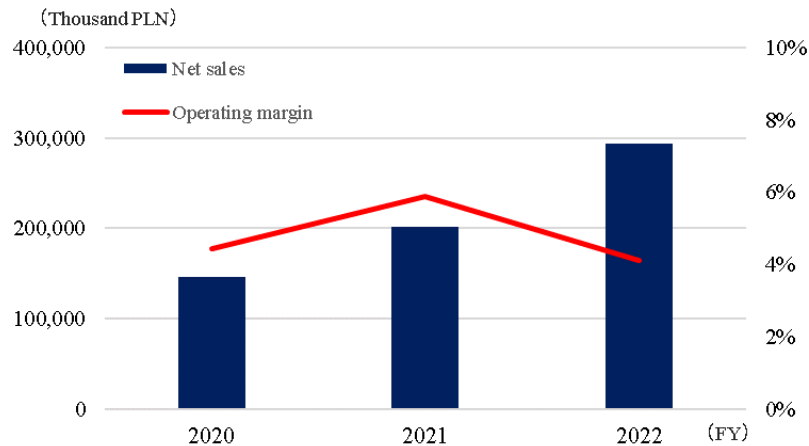
**Wosana S.A. is a stable profit generator.**

- Polish beverage market is expected to continue to grow steadily on the back of domestic economic growth
- The company has multiple business models, including manufacturing and sales of its own brands and contract manufacturing for other companies, as well as highly automated production lines that are its strength and can generate stable profits.
- Aiming to expand business in Poland, while also collaborating with group companies and considering the possibility of expanding business in Europe with Wosana S.A. as a foothold.

**Sales ratio by business category**



**Wosana.S.A performance (local accounting basis)**



**Sales Ratio by Category**



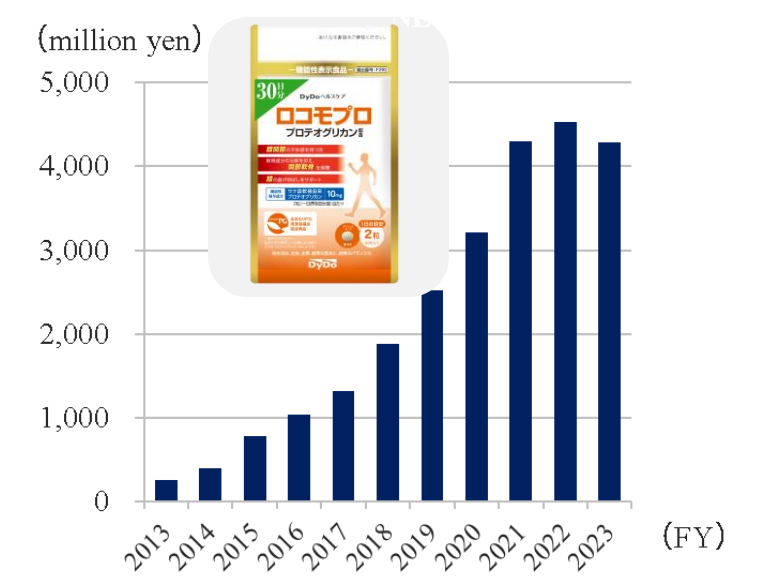
# Continued growth in existing businesses and long-term business development

## 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
  - Maintained a certain level of sales despite significant restraints on advertising investment.
  - In FY2024, strengthen advertising and aim to strengthen our position in the bone, joint, and muscle support supplement category.

#### Trends in sales in the home shopping channel



### New Business

- Pharmaceutical-related Business
  - Sales reach record high
  - The pouch line (installed in 2020) has received strong orders for high value-added quasi-drug products, and the production capacity has been strengthened.
- Orphan drug Business
  - DYD-301 (amifampridine)
    - Submitted an application for manufacturing and marketing approval in Japan in December 2023 for the treatment of patients with Lambert-Eaton myasthenic syndrome (LEMS/ orphan disease drug designation).
  - DYD-701
    - Expected indication : Familial LCAT deficiency
    - A physician-led test is now being conducted at Chiba University targeting patients with familial LCAT deficiency
  - Searching for new drug candidates in parallel

#### Sales Trends in Pharmaceutical-related Business





# Deliver products that are delicious for mind and body



Under the brand message “ Offering delicious products for sound mind and body ”, launched *the HADABISEI Planning & Supervision\* Series* and *the Wa-no-Chikara Series* with the aim of contributing to the physical and mental health of customers

## HADABISEI Planning & Supervision\* Series

Unsweetened tea series supporting women's health and beauty



## "Wa-no-Chikara" Series

Our first health drink brand that provides nutrients that are difficult to obtain in the modern Japanese diet.



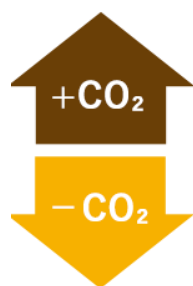
\* HADABISEI is a trademark and brand name owned by Kracie Ltd. They supervised the concept and design of products that support women's healthy lifestyles. (The labeling of functional claim foods is not included in this supervision.)

# Contribute to a decarbonized, recycling-oriented society

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

# 2,700+

## 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 liters 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 January 20, 2024)

Around **650**

# Achieve work-life synergy for employees and promote diversity

As part of our diversity promotion efforts, we are working to promote the activities of female salespeople, and we are developing a "women's health care support vending machine" to promote the activities of women in society.

## Activities of the Diversity Promotion Group

- Diversity Promotion Group established in DyDo DRINCO's Vending Machine Sales Planning Department and HR & General Affairs Department.
- Aiming to promote the activities of female sales staff in our company, and contribute to the creation of an environment where women can work comfortably through vending machines.

Vending Machine Sales Planning Department

Diversity Promotion Group



### Mission 1: Promotion of female sales staff

- Aiming to increase the ratio of women in sales positions in the vending machine sector

FY2023

By FY 2026

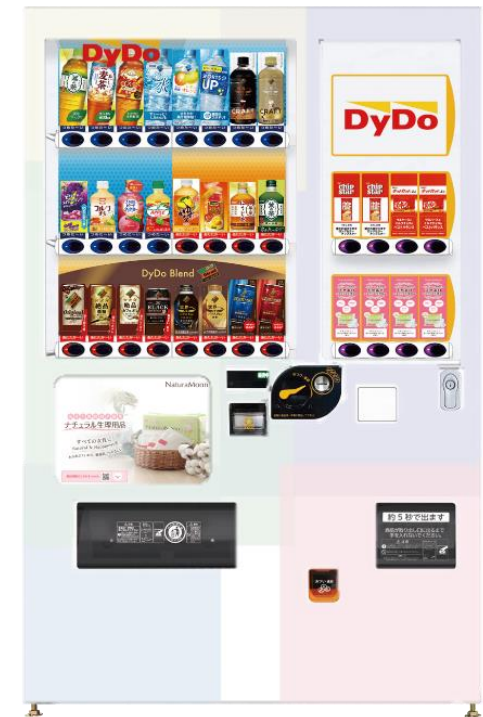
Approx. 3%



10%

### Mission 2: Contribute to the promotion of women's activities through vending machines

- From a woman's point of view, a "women's health care support vending machine" was planned, where sanitary napkins could be purchased along with beverages.
- Promote the success of working women by providing "insurance in case of emergency" and "reducing anxiety about menstruation".



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



## 03 Reference Materials

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# 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

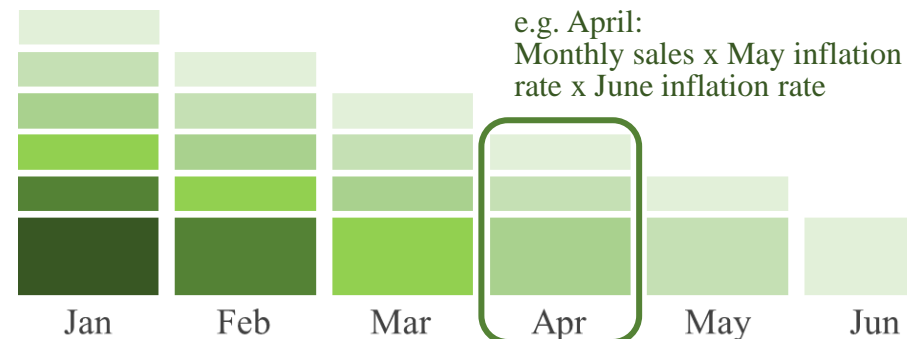
(Millions of yen)	Impact amount on consolidated profit/loss statements (difference from conventional standards)
Net sales	(83)
Cost of sales	
Gross profit	
SG&A	
Depreciation	
Operating profit	(1,332)
Non-operating expenses	369
Ordinary profit	(962)
Corporation tax, etc.	(1,255)
Net profit	292

Multiplied by monthly inflation rates to create local financial statements

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

Income tax-deferred expanded due to the application of "inflation accounting" also in the local Turkish tax and accounting treatment starting in the 4th quarter of FY 2023 (see P.32)

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



Multiplied by the month's inflation rate

Monthly sales

Amount recorded on profit/loss statements at time of settlement

# Application of inflation accounting to local tax and accounting treatment in Turkey.

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

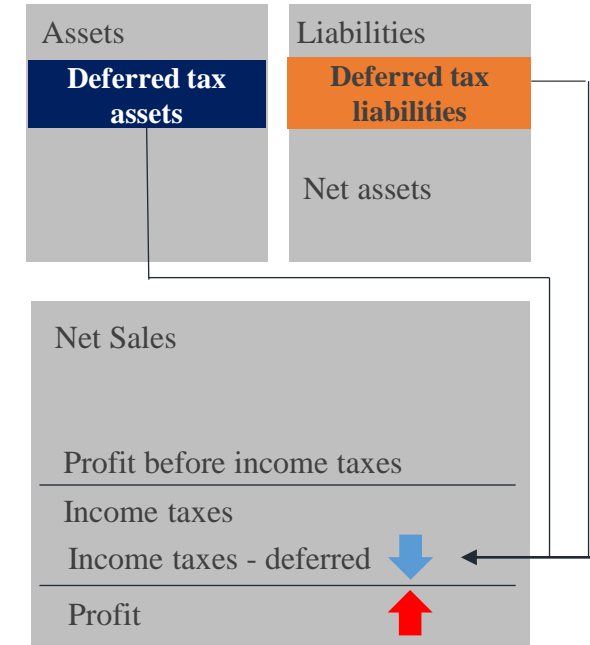
## Impact of the application of inflation accounting on local tax and accounting treatment in Turkey.

- From the 4th quarter of FY 2023, 'inflation accounting' has started to be applied in local tax and accounting procedures in Turkey.
- The measure of inflation applied in Turkey's local tax and accounting treatment is PPI, while the measure of inflation applied in IFRS is CPI, which differs between the two.
- As a result, deferred tax liabilities had been recorded until the 3rd quarter of FY 2023, but deferred tax assets was recorded in the 4th quarter of the same year, contributing to an increase in income tax-deferred income.
- In FY 2023 in particular, the combination of the reversal of deferred tax liabilities accumulated in the past and the recognition of deferred tax assets resulted in a significant decrease in income tax-deferred, contributing to a significant increase in profits.

### Overview of tax effect accounting before and after the application of inflation accounting

	Until the third quarter of FY 2023		4th quarter of FY 2023	
	Turkish Taxation	IFRS	Turkish Taxation	IFRS
Application of inflation accounting	—	○	○	○
Inflation Indicators	—	CPI ( Consumer Price Index )	PPI ( Producer Price Index )	CPI
Balance Sheet				
Book value of non-current assets ( rough sketch )	Book value for tax treatment < Book value for IFRS Temporary difference of future additions ( = <b>Deferred tax liabilities</b> are recognized )		Book value for tax treatment > Book value for IFRS Temporary difference for future subtraction ( = <b>Deferred tax assets</b> are recognized )	
Statement of income	Income tax-deferred works on the loss side.		Income tax-deferred works on the profit side.	

### Impact on financial statements in FY 2023.





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

Millions of yen

	Results					Forecasts				
	FY2022	Component ratio	FY2023	Component ratio	% (YoY)	Amount (YoY)	FY2024	Component ratio	% (YoY)	Amount (YoY)
Results	Results		Forecasts							
Net sales	109,770	—	<b>153,623</b>	—	39.9%	43,853	<b>157,300</b>	—	2.4%	3,676
Segment profit	2,758	2.5%	<b>4,255</b>	2.8%	54.3%	1,497	<b>4,600</b>	2.9%	8.1%	344
Depreciation	4,632		<b>5,147</b>		11.1%	515	<b>5,600</b>		10.7%	452
Amortization of goodwill	—		<b>103</b>		—	103	<b>100</b>		(3.8%)	(3)

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

- Significant increase in sales due to the effect of an increase in 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 FY 2023 to ensure an appropriate level of profit in FY 2024 and beyond.
- In the distribution channel, amid intensifying promotional investments by competitors, the Company conducted effective operating profit-oriented activities, such as proposals to solve issues on the sales floor and efficient sales promotion, based on a profit-oriented activity policy. In addition, price revisions contributed to an increase in sales.
- Home Shopping Sales of Supplements renewed its mainstay product "LocoMo Pro" as a food with functional claims and maintained a certain level of sales despite curbing advertising expenses.

### Sales by channel

		Millions of yen / Thousands of bottles				
		FY2022	FY2023			
			% (YoY)	Amount (YoY)		
Net sales	Vending machine	92,776	<b>136,632</b>	47.3%	43,856	
	(conventional comparable base*)	92,776	<b>96,401</b>	3.9%	3,625	
	Distribution・Export	12,466	<b>12,707</b>	1.9%	240	
	Home Shopping Sales of Supplements	4,526	<b>4,283</b>	(5.4%)	(243)	
	Total	109,770	<b>153,623</b>	39.9%	43,853	
		(conventional comparable base*)	109,770	<b>113,392</b>	3.3%	3,622
Bottles	Vending machine	1,055,469	<b>1,355,548</b>	28.4%	300,079	
	(conventional comparable base*)	1,055,469	<b>1,019,420</b>	(3.4%)	(36,048)	
	Distribution・Export	229,322	<b>210,915</b>	(8.0%)	(18,406)	
	Total	1,284,791	<b>1,566,464</b>	21.9%	281,673	
	(conventional comparable base*)	1,284,791	<b>1,230,336</b>	(4.2%)	(54,454)	

\*Excluding three former subsidiaries of Asahi Soft Drinks Co., Ltd.

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

Millions of yen

	Results						Forecasts					
	FY2022		FY2023		%	Amount	(Ref) Before application of hyperinflation accounting		FY2024			
	Results	Component ratio	Results	Component ratio			Results	Impact on performance	Forecasts	Component ratio	%	Amount
Net sales	18,909	—	26,444	—	39.9%	7,535	26,527	(83)	44,600	—	68.1%	18,072
Segment profit (loss)	(1,091)	(5.8%)	1,110	4.2%	—	2,201	2,442	(1,332)	2,800	6.3%	14.6%	357
Depreciation	718		859		19.6%	140	449	409	1,000		122.5%	550
Amortization of goodwill	—		—		—	—	29	(29)	310		90.6%	280
JPY per TRY	7.09yen		4.82yen		(2.27yen)		5.98yen	-	5.00yen		(0.98yen)	
JPY per PLN	-		-		-		-	-	37.00円		-	
JPY per CNY	19.52yen		19.87yen		0.35yen		-	-	20.50yen		0.63yen	

\* 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 December 31st)

➤ Turkey

- Sales volume and net sales both increased due to strategic price revisions and flexible implementation of sales promotion activities, as well as a surge in orders for some products in response to the Middle East crisis, and sales in local currency terms were about double the previous year's level.
- Significant increase in profit despite a challenging cost environment, including higher raw material prices due to inflation and the depreciation of the lira, as well as higher labor 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.

■ Turkish Beverage Business on a local accounting basis

Compared to the Previous Year	1 Q	2Q	3Q	4Q	Total
Net sales	+110%	+48%	+91%	+144%	+94%
Sales volume	+0.1%	Δ9.2%	+23.3%	+22.2%	+8.0%

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

Millions of yen

	Results					Forecasts				
	FY2022		FY2023			FY2024				
	Results	Component ratio	Results	Component ratio	%(YoY)	Amount (YoY)	Forecasts	Component ratio	%(YoY)	Amount (YoY)
Net sales	12,522	—	<b>12,963</b>	—	3.5%	440	<b>13,600</b>	—	4.9%	636
Segment profit	347	2.8%	<b>367</b>	2.8%	5.7%	19	<b>300</b>	2.2%	(18.4%)	(67)
Depreciation	1,170		<b>1,160</b>		(0.8%)	(9)	<b>1,200</b>		3.4%	39

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

- The drinkable preparations market has generally recovered from the slump caused by COVID-19, and the market for pouch products has been stable and expanding.
- Sales increased due to strong orders for quasi-drug pouched products and the effect of price revisions implemented sequentially from the second half of 2022 onward.
- 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	
Nara plant	Bottles	4 lines	350 million units
	Pouches	1 line	45 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

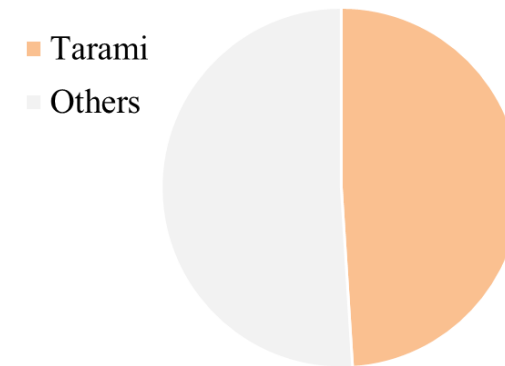
	Results						Forecasts			
	FY2022		FY2023				FY2024			
	Results	Component ratio	Results	Component ratio	%(YoY)	Amount (YoY)	Forecasts	Component ratio	%(YoY)	Amount (YoY)
Net sales	19,565	—	<b>20,705</b>	—	5.8%	1,139	<b>21,200</b>	—	2.4%	494
Operating profit before subtracting amortization of goodwill, etc.	1,117	5.7%	<b>1,345</b>	6.5%	20.4%	227	<b>1,250</b>	5.9%	(7.1%)	(95)
Amortization of goodwill, etc.	351	1.8%	<b>351</b>	1.7%	0.0%	0	<b>350</b>	1.7%	(0.5%)	(2)
Segment profit	765	3.9%	<b>993</b>	4.8%	29.7%	227	<b>900</b>	4.2%	(9.4%)	(93)
Depreciation	848		<b>848</b>		(0.0%)	0	<b>600</b>		(29.3%)	(248)

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

(From January 1st to December 31st)

- Due to the extremely hot summer and continued warm weather after the peak season, the dry jelly market grew 4% year on year and the konjac pouch jelly market grew 3% year on year.
- In addition to the effect of price revisions implemented October 2022, 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.
- Price revisions for cup jelly is implemented from March 2024 due to expected cost increase in FY 2024.

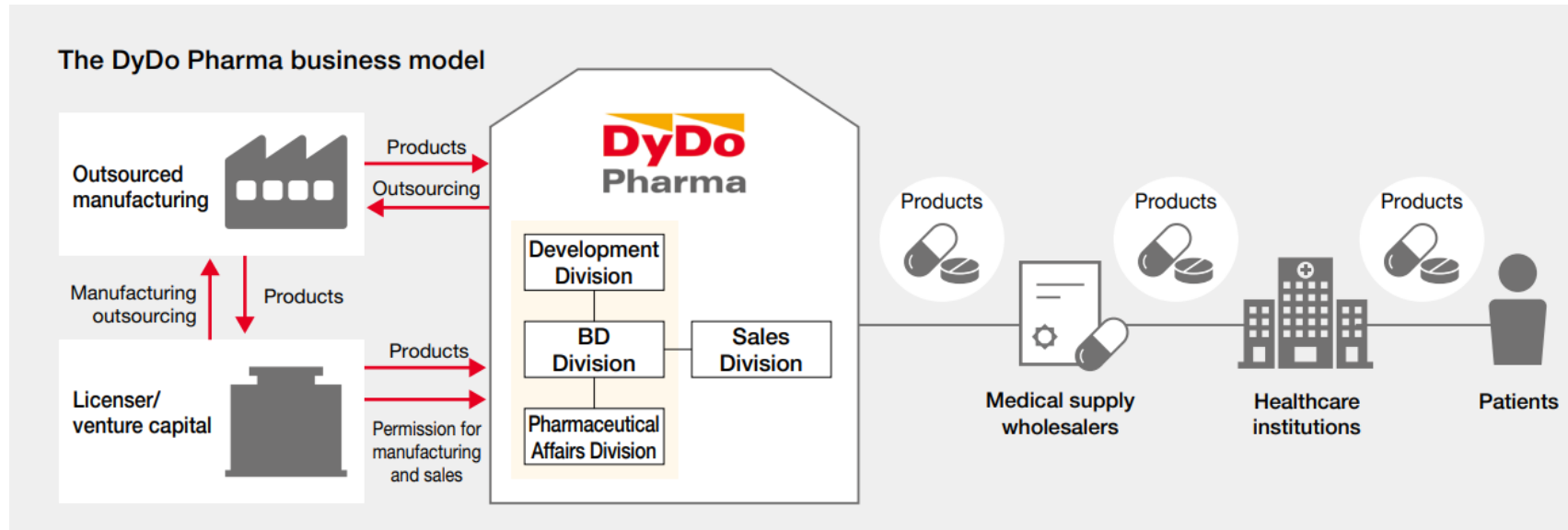
**Tarami's share of the dry jelly market**



\* 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 January 2024)

- 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)

Submitted an application for manufacturing and marketing approval in Japan in December 2023 for the treatment of patients with Lambert-Eaton myasthenic syndrome (LEMS/ orphan disease drug designation).

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

Full year	Millions of yen		
	FY2022	FY2023	Amount (YoY)
EBITDA (Operation profit + depreciation costs + amortization of goodwill)	8,750	12,954	4,204
Amount of change in working capital cash flow	4	(1,665)	(1,669)
Other	(3,629)	(2,077)	1,552
Operating cash flow (a)	5,125	9,211	4,086
Expenditures related to the acquisition of tangible and intangible fixed assets (b)	(8,497)	(10,912)	(2,415)
Free cash flow (a-b)	(3,372)	(1,700)	1,671

## Capital investment

Full year	Millions of yen		
	FY2022	FY2023	Amount (YoY)
Domestic Beverage	8,253	8,313	60
International Beverage	522	1,175	652
Pharmaceutical-related	220	483	263
Food	875	637	(238)
Orphan Drug Business • Other	1,539	984	(554)
Total	11,411	11,593	182

## Depreciation costs

Full year	Millions of yen		
	FY2022	FY2023	Amount (YoY)
Domestic Beverage	4,632	5,147	515
International Beverage	718	859	140
Pharmaceutical-related	1,170	1,160	(9)
Food	848	848	0
Orphan Drug Business • Other	375	803	427
Total	7,744	8,819	1,074

# Progress of KPIs in Mid-Term Business Plan 2026



Before application of hyperinflation accounting			FY2022	FY2023	Target <sup>*1</sup> FY2026
			Domestic Beverage Business		<b>ROIC</b>
	The number of vending machines	Compared to FY2021:	+0.3%	(0.1%)	+5.5%
	Sales per vending machine	Compared to FY2021:	(1.0%)	3.7%	+8%
	Sales per person <sup>*2</sup>	Compared to FY2021:	+21.6%	+30.6%	+20%
International Beverage Business		<b>ROIC</b>	<b>0.2%</b>	<b>7.5%</b>	<b>3%</b>
	CAGR (Sales volume)	Turkey	(3.7%)	2.0%	11%
	CAGR (Net sales)	China	5.3%	11.5%	23%
	Proportion of foreign sales in the Turkish business		9.1%	6.7%	28%
Non-beverage segments		<b>ROIC</b>	<b>4.2%</b>	<b>4.1%</b>	<b>8%</b>
Home Shopping Sales of Supplements	No. of active repeat customers	Compared to FY2021:	+0%	+0%	+110%
Pharmaceutical-related Business	Approximate number of contracts		355 million	350 million	400 million
	Utilization rates of factories <sup>*3</sup>	Compared to FY2021:	+3.8%	+2.6%	Improvement
Food Business	Units manufactured per hour	Compared to FY2021:	(1.6%)	(1.6%)	+15%
	Product loss rate <sup>*3</sup>	Compared to FY2021:	(26.0%)	(15.0%)	About half
	Overseas sales ratio		6.7%	7.1%	8.5%

\*1 Targets will be revised due to changes in assumptions from the original Medium-Term Management Plan 2026 due to business alliances, M&A, and other factors.

\*2 Direct sales operations staff \*3 Actual number of targets not disclosed