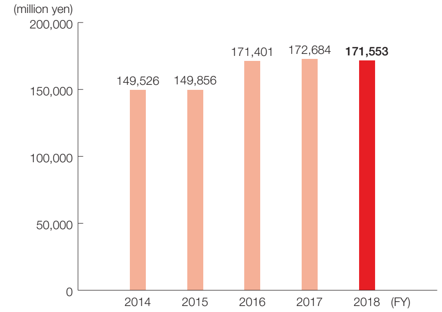
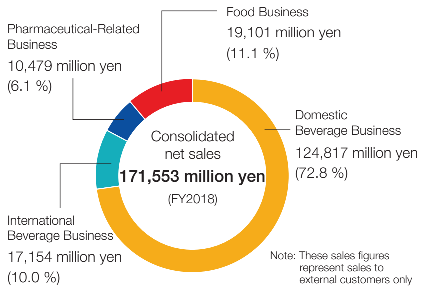
Financial Highlights

Financial Information (consolidated business results)

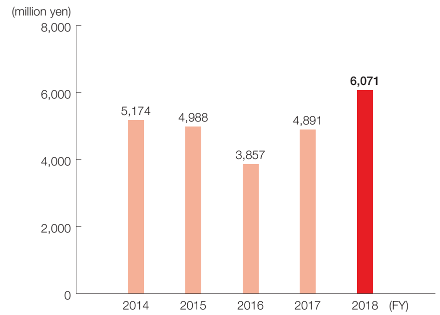
Net Sales



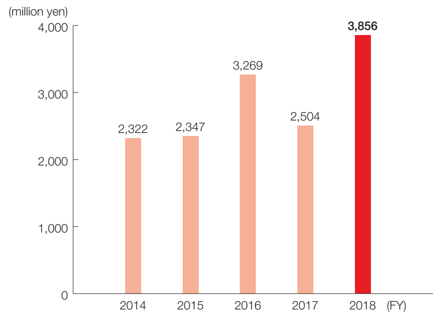
Sales by Business Segment



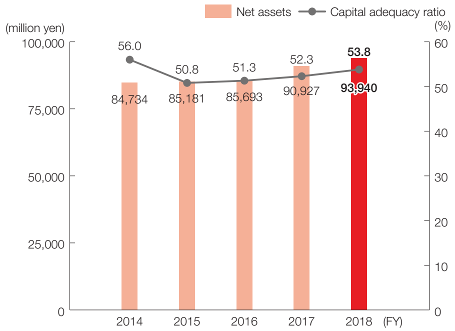
Operating Profit



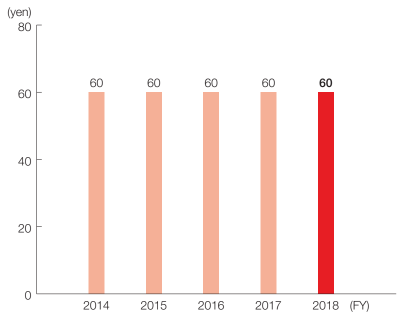
Profit Attributable to Owners of Parent



Net Assets / Capital Adequacy Ratio



Yearly Dividend per Share



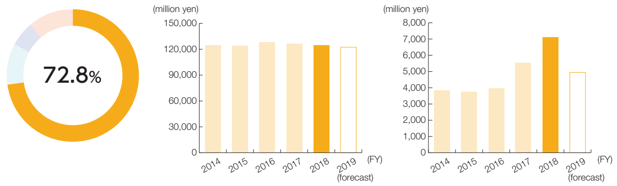
Overview by Business Segment

Domestic Beverage Business P.25-28

We have constructed a unique business model in which vending machines serve as the main sales channel, selling products created under contract by partner production plants. The business also plays the role of the group's principal source of growth capital.

Related companies:
DyDo DRINCO, Inc.
DyDo Beverage Services, Inc.
Others

Breakdown of net sales / Net Sales / Segment Profit*



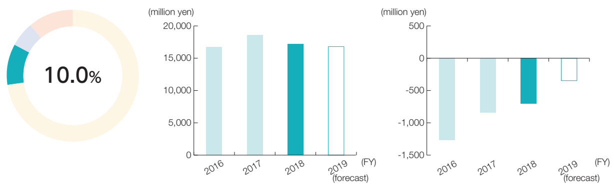
*Results from fiscal 2017 and after take into account the effect of the transition to a holding company structure

International Beverage Business P.29-30

We have constructed a business model tailored to the specific characteristics of the various countries in which we operate, utilizing the expertise we have accrued in the Domestic Beverage Business. We are making progress with reforms, and are aiming to have all parts of International Beverage Business profitable by fiscal 2021.

Countries into which we have expanded:
Turkey, Malaysia, Russia and China

Breakdown of net sales / Net Sales / Segment Profit

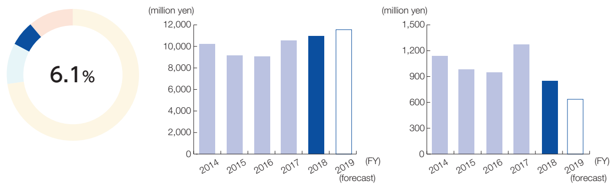


Pharmaceutical-Related Business P.31-32

We have developed the business towards creating pharmaceutical and quasi-drug drinkable preparations as a contract manufacturer. Through steps such as our planned new line for pouch products, we are gradually strengthening our position as a top manufacturer.

Related companies:
DAIDO *Yakuhin*

Breakdown of net sales / Net Sales / Segment Profit

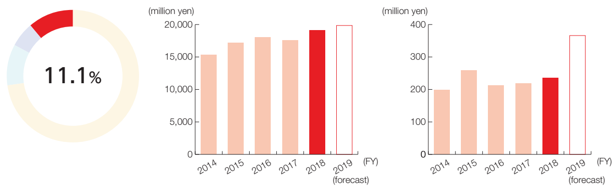


Food Business P.33-34

The Food Business is responsible for the manufacture and sale of products such as cup and pouch jellies. The business is exhibiting above-market growth and currently holds the top market share in the dried jelly market.

Related companies:
Tarami Corporation
Shunnotoki Inc.

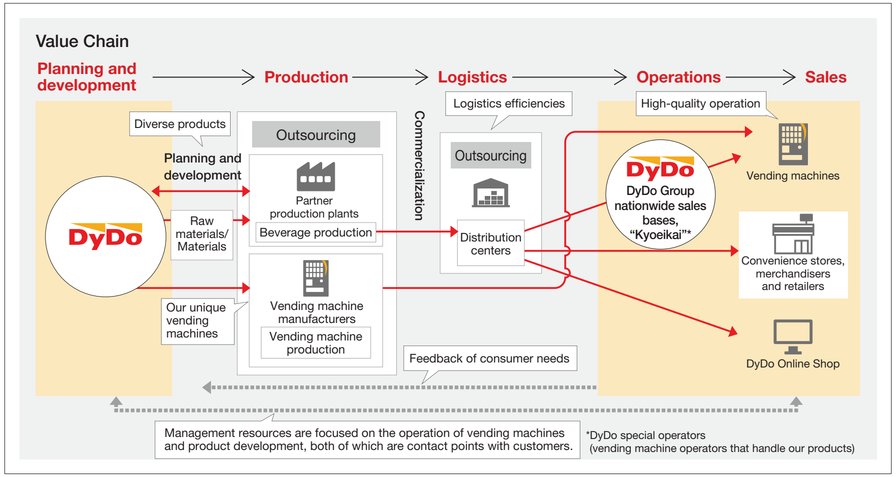
Breakdown of net sales / Net Sales / Segment Profit



Our Business Model

Domestic Beverage Business

The Domestic Beverage Business comprises DyDo DRINCO and other group companies under its umbrella. We have established a unique business model, focused on vending machines as the principal sales channel selling drinks produced under contract by our partner production plants. We are committed to consolidating our competitive advantage in the vending machines market to ensure that this remains a core business generating funds to support the growth of the group overall.



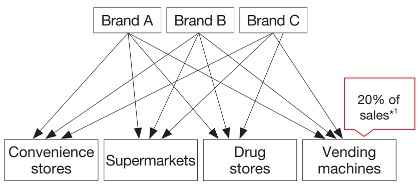
Strengths and Characteristics: 1
New Value Creation Based on Retail Business Ideas

Although the Domestic Beverage Business develops its own brands in-house, its business model is fundamentally that of a retailer. In contrast to typical drinks manufacturers who make their profit through mass production and sales of proprietary brands, we are focused on the vending machine channel. We install our vending machines in locations where we anticipate high sales and generate revenue growth through improving sales per unit by optimizing the product line-up for each machine. This difference means that while other manufacturers view vending machines as just another sales channel, along with convenience stores, supermarkets and drug stores, they are effectively retail outlets for the DyDo Group.

At the heart of this business model is the concept of selling products that customers want in surroundings that are familiar to them. This concept has been passed down since the time of the company's founding when we first established the "use first, pay later" medicine business. This approach is something that we are fully committed to preserving amidst the backdrop of significant flux in the business environment. It is a strength that enables to us to continue to create new value even if the lines of business we operate in change.

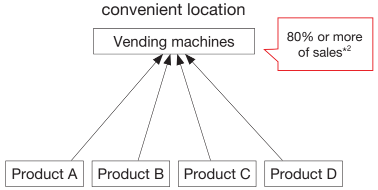
How typical drinks manufacturers operate

Develop a brand, promote sales



How we operate

Fill vending machines with the optimal products customers demand in a convenient location



*1: According to soft drink statistics from the Japan Soft Drink Association
*2: Proportion of sales in the vending machine channel for the Domestic Beverage Business (in FY2018)

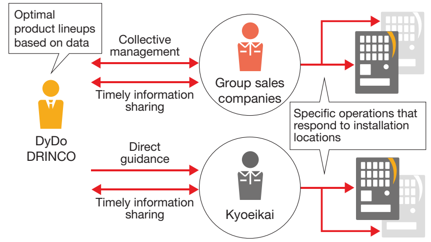
Strengths and Characteristics: 2
Robust Sales System through Working with the Kyoeikai

The Domestic Drinks Business' revenue is made up of the accumulated sales of each individual vending machine. We work hard to maximize the sales of each unit through measures such as optimizing the product line-up according to the installation location, visiting the vending machines when necessary to stock them up to appropriate levels to ensure no sales are lost through stock-outs, switching between hot and cold drinks sales depending on changes in the weather, and point-of-sale decorations such as those tied in with our TV commercials. Our vending machine operation also includes activities to steadily beautify our vending machines and the areas around them, and to maintain them as attractive, well-presented retail outlets. With initiatives like these, we improve the quality of our operations and gain expertise.

The operation of the vending machines is handled by our sales company and by special contract operators who are responsible for the maintenance and expansion of our network, collectively referred to by us as the Kyoeikai. The Kyoeikai are important partners to us; their role goes beyond just supplying vending machines with our products. We share not only our overall business strategies with them, but also region-specific policies and expertise (such as examples of successful sales activities or measures to improve productivity). Through this we have built up a strong partnership, enabling us to make the operation of our vending machines uniform.

This robust sales framework of group companies and the Kyoeikai naturally means we have high-quality operation across all our vending machines nationwide, but also means that we can rapidly disseminate and implement new strategies and initiatives. This is the key strength of the Domestic Beverages Business.

Measures to maintain high-quality operations



Strengths and Characteristics: 3
Vending Machine Business and Fabless Management Generate Strong Cash Flows

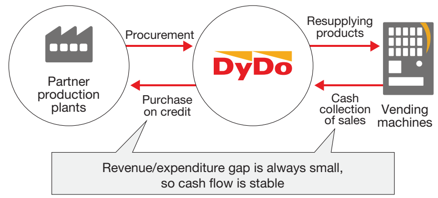
The Domestic Beverage Business does not have its own plants. Instead we concentrate our management resources on areas such as product planning and development and vending machine operations both of which are contact points with our customers.

One of the factors behind the vending machine popularity is the extensiveness of the product lineup. However, producing such a large range of products in-house would be heavily capital intensive. Our outsourcing of production to partner production plants across the country makes it possible to avoid major investment risks.

It also enables us to reduce logistics costs and gives us an advantage in terms of business continuity planning (BCP). Products manufactured all over the country are delivered to regional distribution centers by local logistics companies. We can reduce our distribution costs, and minimize risks associated with potential disruption to transportation, due for example to disasters, that would impact our nationwide vending machine sales.

In terms of funding, products are purchased on credit from partner production plants, and sales are primarily collected in cash from vending machines. Therefore, while vending machine sales remain stable, the revenue/expenditure gap is small, and we generate a steady cash flow. This solid financial base is the Domestic Beverage Business' core strength and the driving force behind our aggressive management approach and new growth group-wide.

Cash-in first business model



Issues and Future Strategy

Striving to Establish Advantages in the Vending Machine Market

The Domestic Beverage Business, and more specifically the vending machine channel, has an important role to play in creating funding for the investments that will be necessary in order for the DyDo Group to carry out its growth strategy, and these operations must continue to support the Group going forward as a core business. However, the Group was unable to place the vending machine channel on a revenue-growth trajectory under the previous mid-term business plan. During the latter half of the plan, various new challenges such as losses of sales opportunities and a decline in the number of installed vending machines began to emerge due to a shortage of personnel capable of overseeing operations, such as visiting machines and stocking them, particularly at Kyoeikai member companies. Additionally, drastic cost cutting measures related to vending machines will come to fruition in FY2020, and it is inevitable that the channel will see reductions in both revenue and profits if the current trajectory continues. Under the newly formulated Mid-term Business Plan 2021, the group will work to secure advantages in the vending machine market despite the ongoing labor shortage by reforming its operations in order to maintain high quality and maintain the network of vending machines that provides the basis for our sales.

Tomiya Takamatsu
President and Representative Director
DyDo DRINCO, Inc.

Dual Focus on Restructuring Vending Machine Operations and Maintaining the Vending Machine Network

We pride ourselves on the premium quality of operations for all DyDo vending machines, including those managed by the Kyoeikai. To establish this as a competitive advantage, we believe the key is building next-generation smart operating structures that also utilize IoT technology. Previously we have focused on "standard operation," an operational approach that targets quality and efficiency. However, to make our business more efficient, we believe we now need to review our operating methods from scratch beyond their existing framework.

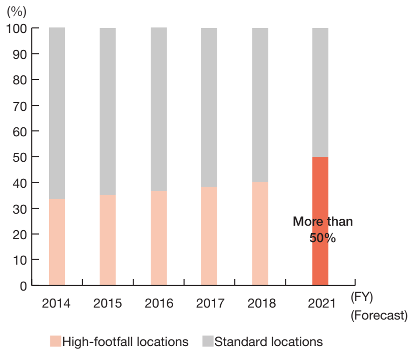
Specifically, by developing the capability to accurately access the sales status of individual vending machines in real-time via online updates, we can determine the type and quantity of products that need to be replenished. Currently, each machine is supervised by one operator who is responsible for preparing and restocking the product lineup as required. We will review our procedures for refilling the machines, taking account of work allocation, with a view to increasing the number of units overseen by each of our operators. In 2019, we will roll out regional trials of Internet-connected vending machines at different designated sales locations with varying market characteristics, responding flexibly to any issues that arise to create an optimal system. From fiscal 2020, we will make a decision on the number of internet-connected machines to invest in, and go for a full-scale deployment of this new style of operational system based on the data we receive from our market testing.

At the same time, we remain thoroughly committed to maintaining our existing vending machine network. In the locations where we have installed machines and built up a relationship of trust with our trading partners, our approach is to propose solutions for the issues and challenges faced by these clients and to ensure they continue to select our machines, while at the same time avoiding getting caught up in price competition. For example, we have worked on proposals for vending machines that send workers messages of encouragement or offer advice on safety awareness, and we have also held workshops dealing with topics such as lifestyle issues or the prevention of heat stroke. As a result, the quality of our sales is steadily rising, with the ratio of vending machine locations we consider to be close to our customers and which therefore benefit from regular custom* within the installed base increasing year by year. For the next three years, we will keep the total number of vending machines at current levels and aim for such locations to comprise 50% or more of the installed base. We will also step up recruitment to accelerate adding quantity to our established quality.

We aim to consolidate our strong competitive advantage in the vending machine market through restructuring our operations and maintaining our existing machine network revenue base.

*Locations with high footfall, such as offices, manufacturing plants, commercial facilities and train stations, where we can expect stable sales

Trends in the proportion of all vending machine locations considered to be high-footfall locations



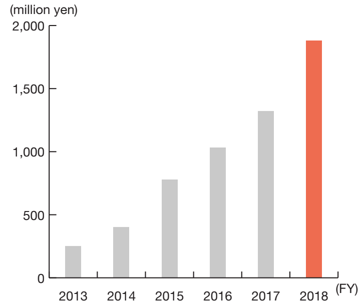
Creating Enjoyable, Healthy Lifestyles for People around the World

In order to realize Group Mission 2030, "For DyDo Group to create enjoyable, healthy lifestyles for people around the world," we believe that our distribution channels and the home shopping sales channel have a major role to play. As part of the previous mid-term business plan, our goal of tackling the "Challenge to enhance product strength," we released the "Calorie Limit for the Mature Aged" tea series in 2016 in collaboration with FANCL, targeted mainly at retail stores. The brand was highly acclaimed for combining functionality with a delicious flavor. The volume of sales is positive, and without the need to put any additional pressure on in-store pricing. This is about more than just having a strong product, this was an example of solution-based sales, helping retailers deal with a challenge in their own business with a strong product and sales promotion. Given our position as a beverage manufacturer in the bottom half of the market, it does not make sense for us to compete directly with other major manufacturers in the distribution channel. Our aim is to establish a unique position as a company that offers an alternative option through innovative sales propositions. In addition, in our distribution channel, we aim to create an image that equates DyDo with health through the sale of products that are targeted at a health-conscious market.

The home shopping sales channel was launched in 2012, focused on health food products. It has steadily grown its customer base through effective advertising and targeted communication. With "Locomo Pro" (proteoglycan formulation) as the channel's flagship product, we achieved full-year profitability in 2018 earlier than initially planned. Based on our vision of creating a society in which it is the norm to aspire to a fulfilling life after retirement through the provision of innovative value that is unique to DyDo Group, we are providing value for the core senior citizen market while developing a key growth segment of our business.

"Calorie Limited for the Mature Aged" tea series, developed in collaboration with FANCL.

Trends in sales in the home shopping channel



HR Strategy to Support the DyDo Group and the Domestic Beverage Business

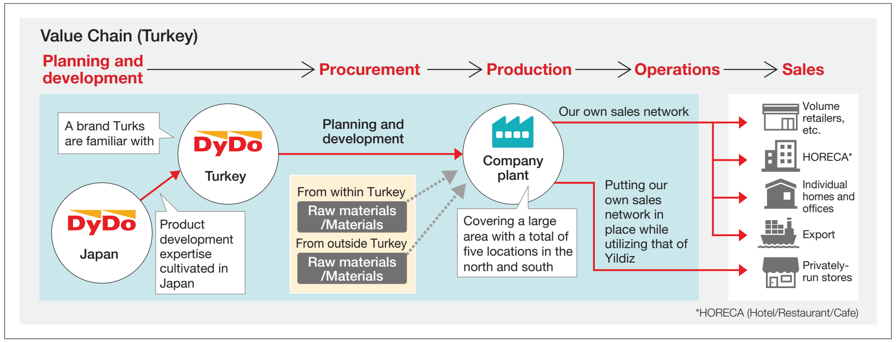
The principal mission of the Mid-term Business Plan 2021 is establishing superiority in the vending machine market. The key to achieving this is our human resources and to this end we have formulated a human resources strategy. Our strategy is focused on succeeding for future generations through the strength of our human resources to realize sustainable growth for the DyDo Group. Our aim is to create an environment in which employees can maximize their potential with a focus on health and learning. Our policy is based on putting our best foot forward, both at work and in life in general. To this end, we are working to promote productivity and work-life synergies, and to create and operate a system that supports independent learning for the development of health and productivity management.

In addition, in order to maintain the vending machine network, we will strengthen our staff numbers in business development both from within the company and from external sources, effectively positioning these resources according to regional growth potential and market share opportunities. We will review our system of personnel evaluation to ensure it is aligned with our strategy, thereby creating a strong organization for the next phase of development for our vending machines.

Our Business Model

International Beverage Business

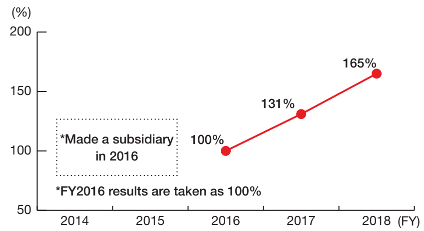
In the International Beverage Business in Turkey, Malaysia, Russia, and China, we are developing our operations in accordance with the market characteristics of each region. The Turkish beverage business, which was launched through acquiring a local company in 2016, manufactures and sells local brands and plays a central role in the group's International Beverage Business.



Strengths and Characteristics: 1
Concentration of Management Resources on Major Brands

The core brands of our Turkish beverage business are well-known in Turkey and were originally acquired from Yildiz Holdings A.S. One such is "Saka," a mineral water rich in minerals with a high PH value, known for being a delicious and healthy water. In addition, we are growing our sales of carbonated beverages such as "Çamlica," a well-known local brand, and our malt-flavored drink, "Maltana," made with hops. We are concentrating our management resources on major brands such as these, building up their brand strength, and even though we are having to pass on the soaring costs of imported raw materials due to the depreciation of Turkish lira in our selling prices, sales are steadily increasing.

Trends in sales in the Turkish beverage business (based on local currency)



Strengths and Characteristics: 2
Building the Value Chain

In 2016, we moved fruit juice production from our plant in Pamukova to our plants in Akyazı and Adana. Then, in 2017, we acquired a new water source and manufacturing plant in Köyceğiz, in southwestern Turkey, to expand our production capacity for "Saka" in anticipation of increasing demand. Köycegiz is an excellent geographical fit with our existing mineral water manufacturing plants and effectively streamlines our logistics capabilities.

At the same time, we have finished transferring the management of our sales networks from Yildiz Holdings to doing it in-house, with the exception of certain sales channels, and we are now strengthening our sales structures for further growth.

Manufacturing sites and products

Issues and Future Strategy

Pursuing Profitability throughout the International Beverage Business

Since beginning our overseas expansion in earnest in 2013, we have established concerns in Malaysia (2015) and Turkey (2016), and in 2018 overseas sales accounted for some ten percent of all sales. Although the Turkish lira depreciated, expanded sales and an increase in per-sale unit amount meant that, when considered in the local currency, business was indeed brisk. Elsewhere, the small scale of operations means we continue to face challenges in improving revenues.

"Expansion of our business overseas" is one of the core pillars of our Group Mission 2030; we aim to have 20% of total group sales come from overseas. The Mid-Term Business Plan 2021 sets forth our initial mission to achieve profitability across the International Beverage Business; the plan illustrates our determination for global reforms by sharing the DyDo Standards and reviewing the strategic hubs of our worldwide network.

Mamoru Mitamura
Corporate Officer, General Manager of the International Business Management Department
DyDo Group Holdings, Inc.

A Solid Bedrock for Further Growth in the Turkish Beverage Business

The Turkish beverage market requires considerable care, as sudden exchange rate fluctuations cause the price of imported raw materials and ingredients to rise and worsening inflation impacts consumption. The immediate outlook may not be favorable, but Turkey's large youth demographic means it is an attractive market with solid potential for medium- to long-term economic growth.

Our efforts over recent years to lock-in major brands have worked well to solidify our presence in the Turkish beverage market, and we will continue with this strategy with particular emphasis on expanding sales of "Saka" mineral water, whose strong sales are driving overall performance. To that end, we have begun looking into securing new water sources with a view to establishing a production framework capable of handling voracious new demand.

The raw material used to make plastic bottles must be imported into Turkey, but the volatile Turkish lira means procuring these materials has a significant effect on the cost of sales. Thus, despite pleasing sales levels, profit growth remains elusive. To improve profitability, we will endeavor to strengthen exports from Turkey as a means of acquiring foreign currency and hedging against exchange risks. For instance, our products can be targeted at Turkish migrants throughout the EU, and, as our products have been certified as halal, have potential in the Middle East. By strengthening the workforce system, we are working to double (or more) sales of exported drinks from their current level of around ten percent of overall sales in the future.

Work on establishing a sales network in Turkey continues apace. Initially, we used Yildiz's network, but have gradually switched to our own framework, mainly centered on the distribution chain—all that remains to be switched over to our network is the distribution channel among privately run store owners. To that end, we intend to use fiscal 2019 to enhance our sales base, i.e., by striving to expand our own sales network and incorporating the privately run store channel into to our network.

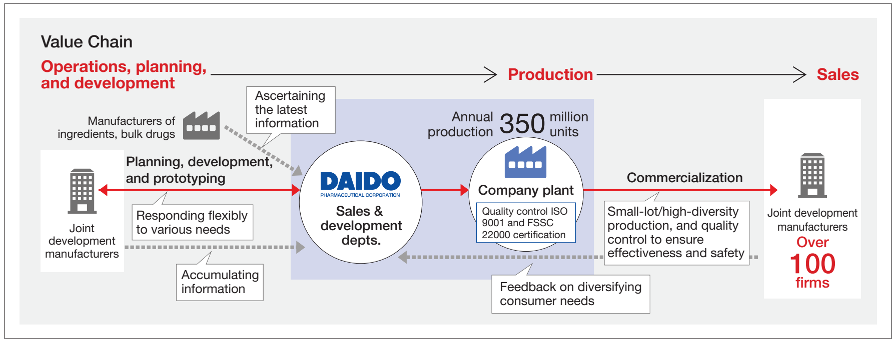
In this way, we are striving to build a solid foundation on which we can seek further growth and evolve our Turkish beverage operations into a driver of medium- to long-term growth across the whole DyDo Group.

Export area for the Turkish beverage business

Our Business Model

Pharmaceutical-Related Business

In the Pharmaceutical-related Business, DAIDO *Yakuhin* is expanding businesses specialized for OEM (contract manufacturing) such as nutritional drinks with pharmaceuticals and quasi-drugs, and beauty tonics. The company's ability to produce 350 million units a year without compromising high quality standards has earned the trust of major manufacturers throughout Japan, while its top-in-the-industry track record of OEM production has enabled DAIDO *Yakuhin* to sustain profitability.



Strengths and Characteristics: 1
Adaptability Leads to Relationships of Trust with Clients

Sparked by our decision to go all-in on OEM production of drinkable preparations in the 1990s, DyDo's Pharmaceutical-related Business has grown in partnership with manufacturers of pharmaceuticals, health food, cosmetics, and other such items. Over that time, our efforts to make products in accordance with clients' demands helped improve our own product development abilities, drove the expansion of our manufacturing equipment, and enabled us to strengthen our quality control and assurance framework. Today, we are certified to produce pharmaceuticals, quasi-drugs, and soft drinks, and we have the facilities to make them in a variety of container sizes, from 20 ml up to 260 ml.

Our strength lies in our ability to deliver safe products on time, and that hard-won ability is a result of our working on the main drivers of our growth: adapting to clients' diverse needs and building relationships of trust with a range of companies.

Strengths and Characteristics: 2
The Overwhelming Leader of the Drinkable Preparations Industry

The size of the Japanese drinkable preparations market is estimated at around two billion units manufactured per year and, within that industry, the DyDo Group's ability to produce around 350 million units of OEM products a year is topped only by the major pharmaceutical companies who manufacture in-house.

Barriers to entry into this segment are high, including the need for official licenses to manufacture pharmaceuticals and quasi-drugs,* and the limiting niche nature of the contract manufacturing industry itself. In fact, from development to launch, applying for necessary government permits and conducting various tests is incredibly time-consuming. As such, simply switching from one client to another involves significant cost and effort for contract manufacturers.

Being able to navigate the high hurdles of a segment that discourages entry and change has seen our OEM manufacturing of drinkable preparations establish a dominant position and the Pharmaceuticals-related Business become one of the group's most stable earners.

*DAIDO *Yakuhin* is licensed for:
(1) Pharmaceutical manufacturing
(2) Second-class pharmaceutical manufacturing and sales
(3) Quasi-drug manufacturing
(4) Quasi-drug manufacturing and sales
(5) Beverage manufacturing

Issues and Future Strategy

Establishing a Leading Position as a Contract Manufacturer of Pharmaceuticals and Quasi-drugs

In recent years, the nutritional drink market is shrinking as its core users begin to get older, but the beauty drink market is growing through exports, in response to increased demand by customers who had tried the drinks on visits to Japan and wanted to be able to drink them in their own countries. Meanwhile, there is renewed potential for businesses who produce drinkable preparations under contract after a revision to the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices. The revision revoked the requirement for pharmaceutical distributors to have their own factories and has enabled pharmaceutical manufacturers to outsource production. Moreover, increased longevity is predicted to drive further interest in health and beauty, and, by extension, growth in the healthcare market.

These market changes are opportunities for the Pharmaceuticals-related Business and, as per the Mid-Term Business Plan 2021, we are set to bolster our competitiveness and supply framework with the construction of a new Kanto Plant, and measures to enable us to keep abreast of new format trends, thus paving the way for expanded contract production business.

Yutaka Takahashi
President and Representative Director
DAIDO *Yakuhin*

Aiming to Lay the Groundwork for Smooth Operations at the Kanto Plant

Increased orders in recent years have pushed production to near its limit of 350 million units a year. To stay abreast of increased demand, we are building a new plant in the east of Japan, in Tatebayashi in the Kanto region, which is due to begin operations in the first half of 2020.

The Kanto Plant will not only expand production capacity, but it will also improve our cost-competitiveness by reducing distribution costs thanks to proximity to the Tokyo metropolitan area, which is the primary market for consumption, and cutting labor costs through labor-saving manufacturing operations. The plant will also play a role in our customers' business continuity plans, which are seen as increasingly important since the Great East Japan Earthquake in 2011, by dispersing their production to reduce operational risk and improve their competitive capacity in ways unrelated to cost.

The Mid-Term Business Plan 2021 positions the problem-free set-up of the Kanto Plant as our overriding mission, and makes clear provisions for this purpose. These include boosting our workforce system and working systematically towards solutions-based sales activities aimed at winning new orders. At the same time we are looking to further enhance our quality control regime to ensure our drinkable preparations meet a level of quality befitting our standing as a top-class manufacturer.

Plant Overview

			
Name	Plant 1	Plant 2	Kanto Plant
Location	Katsuragi, Nara Prefecture	Katsuragi, Nara Prefecture	Tatebayashi, Gunma Prefecture
Site area	Approx. 33,000 m²		Approx. 27,000 m²
Construction completed	1991	1999	End of 2019 (scheduled)
Number of assembly lines	3 (20 ml, 30 ml, 50 ml, 75 ml, 100 ml, 120 ml)	1 (80 ml, 100 ml, 150 ml, 260 ml)	1 (100 ml: scheduled)
Yearly production capacity	Approx. 350 million units		Approx. 150 million units
Capital investment	—	—	Approx. 6 billion yen

Initiatives to Expand the Types of Products We Offer

Over the medium to long term, we are looking beyond typical glass bottles to provide drinkable preparations in new package formats and materials. The first step on this quest will be the establishment in autumn 2019 of a new production line in Nara for drinkable preparations in pouches. Currently, only a few contract manufacturers produce pharmaceutical and quasi-drugs in pouches, and the ability to do so without compromising production quality will enhance our ability to develop new products and offer solutions to clients in new categories.

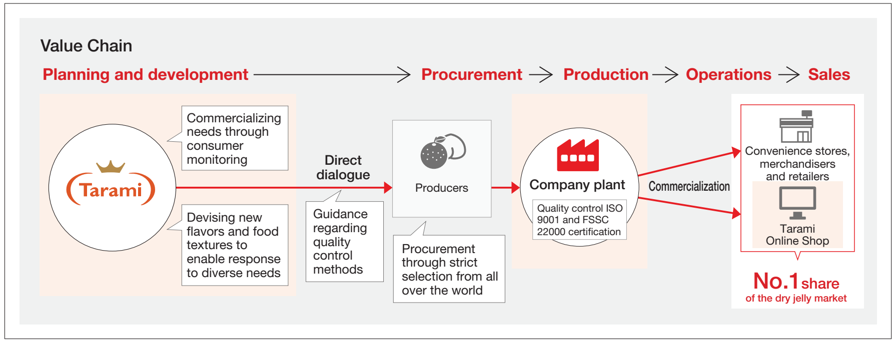
Elsewhere, the Mid-Term Business Plan 2021 lists M&A investments in the healthcare sector as a major investment strategy, and we will target areas of current under-investment, including preventive healthcare and treatment. For now, we are looking to investment in enterprises synergistic with our Pharmaceutical-related Business, so as to grow our platform sustainably to produce pharmaceuticals and quasi-drugs in multiple formats under contract for clients.

Our Business Model

Food Business

Tarami maintains the top share in the dry jelly* market, and is in charge of the Food Business of our group. After becoming a consolidated subsidiary in 2012, its high name recognition is helping to improve the brand strength of the group as a whole.

*Jelly, served in cups, able to be stored at room temperature.



Strengths and Characteristics

Techniques Using the Right Ingredients to Create Jelly with Delicious Taste and Texture for Each Demographic

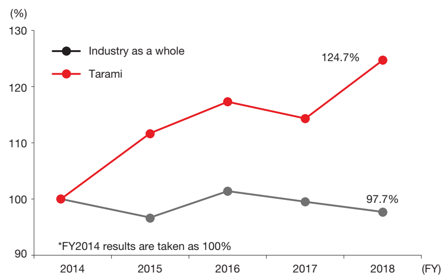
Tarami began as a greengrocer in 1969, and is named for its home town in Nagasaki (Tarami Town has since been incorporated into Isahaya City). In 1988, it began selling jelly as a convenient way for people to enjoy natural fruit wherever and whenever they wanted.

Aiming to deliver consumers value beyond mere fruit, Tarami identifies target demographics and establishes concepts for each of the product brands it develops. For example, the company varies the flavor and texture of the mandarin jelly in each of its brands. In recent years, Tarami has sought to expand its customer base by developing and launching high-added-value jellies for people who enjoy more of a dessert taste and jellies for health-conscious people in addition to their regular fruit jelly lines.

Only fruit that has passed stringent quality inspections is used in Tarami products, and the company makes use of technology to achieve different textures, thus ensuring that each product is as safe as it is delicious. These products are made at Tarami's plant—one of the largest jelly production facilities in the world—which is equipped and administered to make a broad variety of products efficiently.

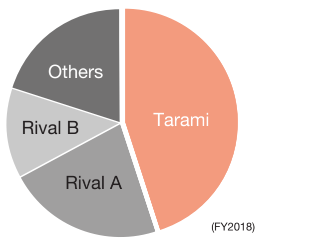
Tarami is a true pioneer of the fruit jelly segment, and continues to cement its top market share by sustaining growth above the market average by honing its product development and manufacturing capabilities.

Trends in sales for Tarami and the dry jelly industry



*according to Tarami research

Share of the dry jelly market



*according to Tarami research

Issues and Future Strategy

Initiatives to Create a Stronger Revenue Base and a New Business Model

Under the previous mid-term business plan, we achieved higher growth than the industry average and solidified our leading market share in terms of sales. Revenues, however, remain a significant challenge, pressured by rising ingredient prices and labor costs, as well as investments in marketing to boost brand value.

The dry jelly market has been flat overall, but even as the low-priced segment (products priced at 100 yen and under) shrinks, the medium- and high-priced segment (products priced at 140 yen and over) is expanding. Moreover, the pouch jelly* market has been growing quickly in recent months. These factors make clear a trend on the part of customers to seek not simply inexpensive products, but rather products that deliver delicious flavor, health benefits, and convenience. The Mid-term Business Plan 2021 will seek to create new business models that transcend traditional categories in addition to working to improve profitability through a multifaceted review of costs, and by doing so bring happiness to all by pursuing delicious flavor and health through fruit and jelly products.

*Jelly sold in individual pouches

Yutaka Wada
Representative Director
Tarami Corporation

Multifaceted Review of Costs Improves Earning Ability

The ongoing upward trend in ingredient costs and manufacturing labor costs necessitates innovation to improve revenue earning abilities and fund sustained growth. For instance, consolidating suppliers and ingredients used and bolstering our line-up of high-added-value products in the high price range are just a couple of ways to mitigate the effects of rising costs.

Another example can be seen at our Konagai Plant in Nagasaki, where we believe improved productivity can be achieved only by changing the attitude of each and every employee. There, revising personnel systems is part of a project incorporating all company departments. And they are even gradually optimizing the supply procedure to allow for supply of goods in disaster situations while mitigating the effects of transportation cost increases.

In this way, a multifaceted review of costs is helping to improve our revenue earning ability.

Creating Pan-Category Business Models

We are leveraging our resources with a view to growing the jelly market and expanding the legions of people who like Tarami products by developing products that are at once familiar to fruit and jelly lovers but not constrained by conventional category demarcations.

For instance, the fast-growing pouch jelly market is similar in scale to the dry jelly market, but our share is a paltry one percent. This presents different challenges than a sector in which we are the overwhelming leader, and we relish the thought of being the underdog and seeking new ways of growing our presence.

Our first effort was the launch in fiscal 2019 of the "Koi 0kcal Jelly" ("rich taste, zero calorie jelly") series in pouch packages. This built on the name recognition built up through our jellies sold in cups and further enhances Tarami's brand presence.

Meanwhile, in addition to exports from Japan, in which we mainly supply clients in the ASEAN region, Tarami (Qingdao) Foods, a joint venture that serves as a springboard for our Chinese business, began operations in fiscal 2019. In this way, our mid-to-long-range view is broadly global in scope, and we hope to bring delicious and healthy products to consumers throughout Japan and around the world.