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March 13, 2020

**DyDo Group Holdings, Inc.**  
**Summary of Questions and Answers Concerning**  
**the Group's Financial Performance in the FY2019 (Ended January 2020)**

**Q1: You've cited adverse weather and the decline in the number of vending machines the company operates as factors in the downturn in the Domestic Beverage Business during FY2019. What is DyDo's future strategy to boost the number of vending machines?**

A1: Although we worked to strengthen sales structures in order to halt the decline in the size of our vending machine fleet during FY2019, we were unable to hire as many personnel as we had planned. Currently, we're working to boost staffing by strengthening mid-career hiring, particularly of applicants with experience in corporate sales. We plan to generate results by enhancing sales activities targeting corporations, pursuing solution-based proposals, and growing our salespeople's activities in terms of quantity. The competitive environment is a challenging one, but we will work actively to secure locations for vending machines.

**Q2: Could you update us on progress in your effort to implement smart operations in order to gain advantages in the vending machine market?**

Q2: Under our initial plan, we envisioned seeing results from that effort during the final year of the current Mid-term Business Plan (FY2021), but we're currently running about one year behind schedule. This delay stems from both hardware factors, for example issues with communications equipment, and organizational factors. Boosting efficiency is not simply a matter of making system investments, but rather requires a fundamental shift in how our workers do their jobs in the field. We plan to transform coordinators' awareness and to generate results during the first year of the next Mid-term Business Plan (FY2022) by systematically identifying issues and addressing them with improvements.

**Q3: How will COVID-19 affect your business?**

A3: At present, it's difficult to gauge the effect on our performance. If more companies tell their employees to stay home, sales from vending machines located in offices will fall. Sales in leisure destinations could also be impacted by restrictions on going out. Based on the fact that these locations generate high sales per vending machine, we can't exclude an adverse impact on sales and profits if the crisis becomes prolonged.

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**Q4: The performance outlook for FY2020 increases the budget for executing your growth strategy in the healthcare domain even as you find yourself faced with the need to invest in the Domestic Beverage Business. What is the company's thinking here?**

A4: One aspect of this question is the budget set aside for the orphan drug business. And another is the budget set aside for expenses associated with the study of potential M&As in fields that could be expected to generate synergies with DAIDO Yakuhin (Pharmaceutical-related Business). In both cases, the amount of budget that might be used would vary significantly with whether or not we make any investments and, if so, with the timing and nature of those investments. The Group finds itself in a situation in which it needs to improve the profitability of existing businesses while simultaneously transforming its business portfolio. Please note that our profit plan reflects that policy.

Note

These materials were prepared by DyDo Group Holdings Inc. as a summary of questions asked and answers provided concerning the Group's financial performance in the FY2019 (Ended January 2020) from the standpoint of fair disclosure.

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 present 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.