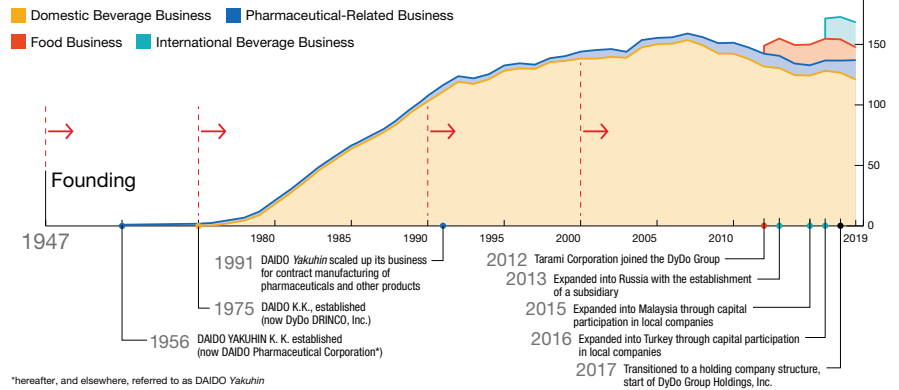


## Our Journey So Far

### Sales progress



\*hereafter, and elsewhere, referred to as DAIDO Yakuhin  
 Note: From FY2017, changes were made to reporting segments and the Beverage Sales Division was split between the Domestic Beverage Business and International Beverage Business

### 1940s

#### Founded in “use first, pay later” medicine

The history of the DyDo Group began when our founder, Tomio Takamatsu, took up the “use first, pay later” medicine business as a personal business after World War II. This business is called *okigusuri*, and was a medicine sales system unique to Japan, in use for more than 300 years. With this system, medicine boxes were placed in each home. Customers used remedies such as cold medicine and stomach medicine when needed, and payment was collected later. It was the forerunner of the vending machine business, where a vending machine is first installed somewhere, and a variety of products are provided, so that customers can buy them at any time.

With the growth of this business, Takamatsu incorporated the company and in 1956 established DAIDO YAKUHIN K.K. After that, the company entered the pharmaceutical manufacturing business.



Founder  
Tomio Takamatsu

### 1970s

#### Entry into the vending machine business and resulting growth

Anticipating the potential of a canned coffee, we developed DyDo Jamaican Blend Coffee in 1973, the forerunner of today's DyDo Blend Coffee, and began selling beverages via vending machines. Sales grew steadily, and DyDo K.K. was incorporated in 1975 as vending machines quickly gained popularity nationwide, thus establishing the roots of our current business model with the vending machine business at its core.

As operations grew, we sought not only to expand our own sales, but



1977

Appearance and dramatic spread of vending machines that can both heat and refrigerate

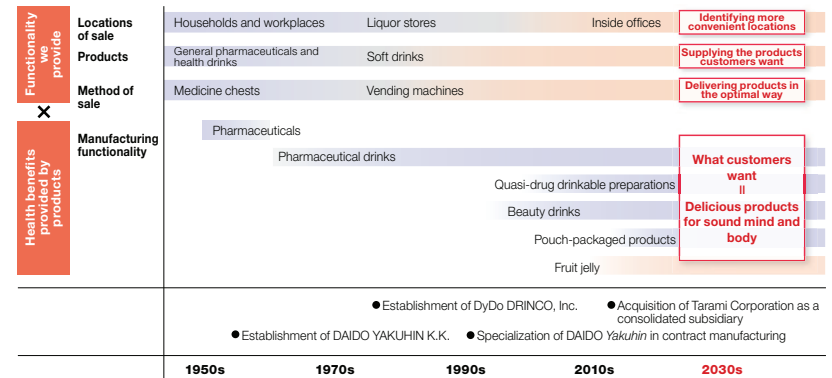
also made a point of forging vending machine networks in tandem with local businesses. This nationwide network of partner companies is a distinguishing factor of our sales structure. (For details, see p. 22)

### 1990s

#### Daido Yakuhin pivots to specialize in OEM

Around this time, Daido Yakuhin began OEM production of clients' products in addition to making its own drinkable preparations. As production increased amid a boom in the popularity of functional beverages, the company moved in 1991 to a newly built plant in its current headquarters in Nara, at which time it pivoted to become a dedicated OEM producer.

### Changes in DyDo Group's business and future goals



### 2010s and beyond

#### Reforming Existing Businesses and Expanding into New Domains

Seeking new growth drivers in this environment, we began structural reforms of our core businesses and expanding our portfolio into other domains in the 2010s. For instance, the vending machine business was split into two main functions: development, including the development of products and machine locations; and sales, which includes vending machine operational tasks. At the same time, distribution channels were strategically repositioned and the values of our core coffee product were redefined.

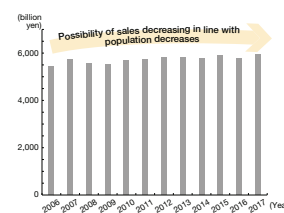
Acquiring Tarami Corporation, a producer of fruit jellies, in 2012 through M&A and establishing a Russian subsidiary in 2013 sparked even more expansionary activity, including entering the Turkish and Malaysian markets. We have also switched to a holding company structure, centered on DyDo Group Holdings, as part of our quest to achieve sustainable growth and medium- to long-term improvements in corporate value across the whole DyDo Group.

Throughout these expansions into new business domains, we have not lost sight of the overriding mission of our business model—offering the products customers want in the closest and most convenient location. Going forward, we will continue to enhance our capability to deliver healthy products.

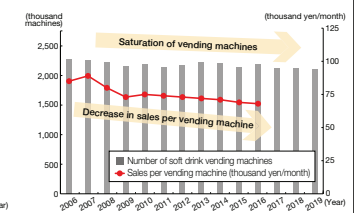
#### A New Millennium Reveals Changes in the Business Environment

The DyDo Group grew in an age when vending machines increased in popularity, but our growth has stagnated in the 2000s. The market is now saturated with vending machines, and the rise of convenience stores and (more recently) drug stores as distribution channels have caused a continued decline in sales per vending machine. Therefore, although the beverage market itself is growing, as the various players undertake promotional efforts, for example developing new products and price strategies, it is increasingly a survival-of-the-fittest situation. Moreover, the Japanese market is forecast to shrink as the country's population declines.

##### Domestic beverage market trends

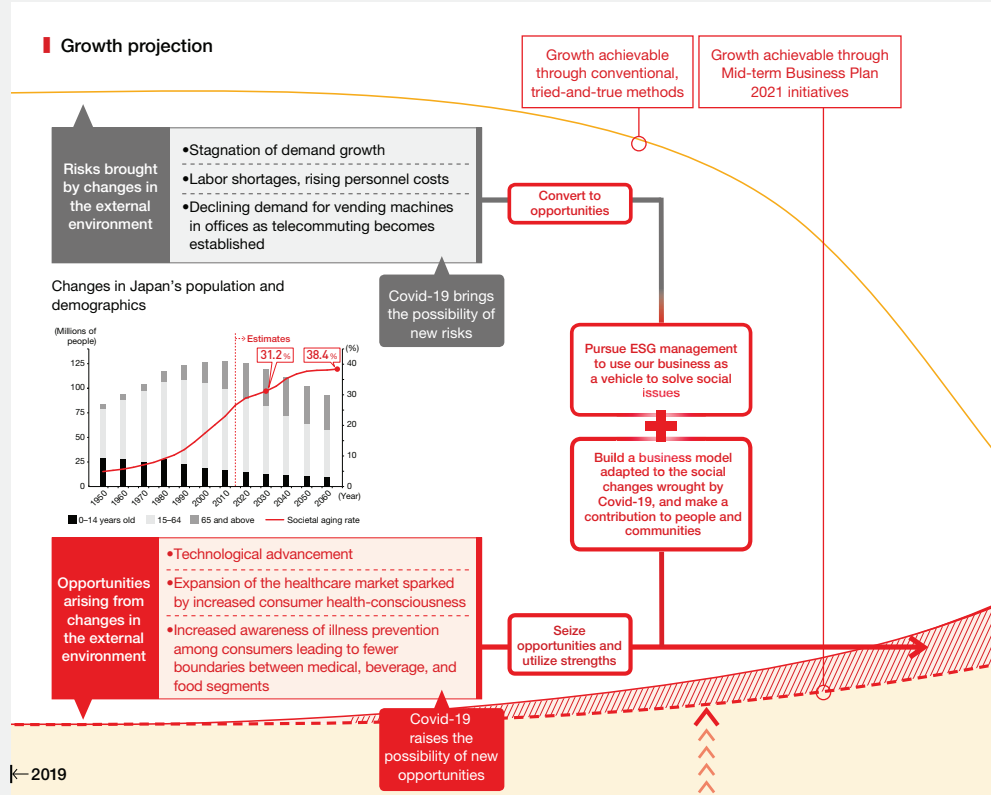


##### Domestic vending machine market trends



Source: Japan Vending System Manufacturers Association (no sales statistics available after FY2017)

# Our Journey from Here



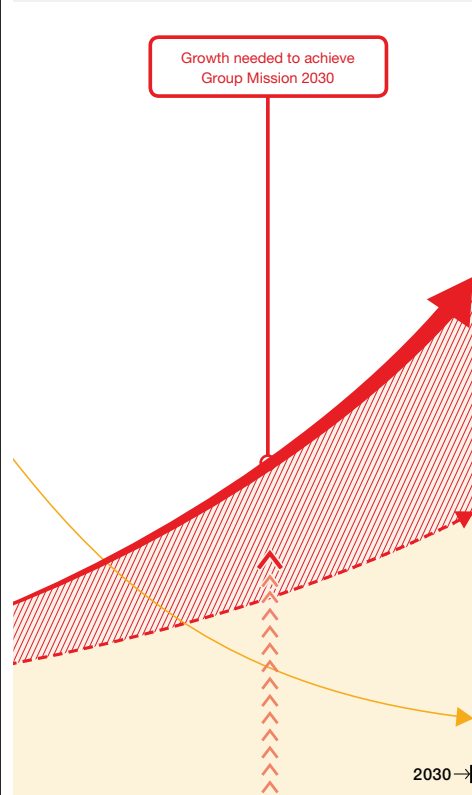
**Strengths the DyDo Group has developed that are driving growth**

- Unique business models based on supplying the delicious flavor customers want in locations that are familiar and convenient **P21-23**
- Stable cash flows created by invisible assets (i.e., the vending machine business model) **P24**
- Ability to develop and manufacture pharmaceuticals and quasi-drugs on a contract basis; broad customer base as a manufacturer of products ranging from pharmaceuticals to cosmetics **P27-28**
- Technology to create delicious jelly products **P29-30**

**Basic Policies of Mid-Term Business Plan 2021**

- Focusing on improving profits and implementing robust management
- Making judgments about business continuity to facilitate strategic management
- Implementing a growth strategy to achieve Group Mission 2030

Business Challenges | **P53-60**



**We will contribute to people and communities, and increase corporate value through ESG management and innovation**

- Enhance new activities aimed at increasing business opportunities
- Enhance activities related to innovation
- Look into measures and KPIs aimed at plugging gaps

ESG Challenges | **P31-44**

**Where, and what, we want to be**

Group Mission 2030  
For DyDo Group to create enjoyable, healthy lifestyles for people around the world

Through our business	<b>We deliver</b>	<b>We endeavor</b>
	<p><b>Together with our customers.</b></p> <p><b>Nurturing our customers' health</b></p> <p>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.</p> <p><b>P35-36</b></p>	<p><b>Together with society.</b></p> <p><b>Taking the lead in social reform</b></p> <p>We will take the lead in social reform, going beyond conventional wisdom to adopt new perspectives for achieving a sustainable society.</p> <p><b>P37-38</b></p>
Foundation for achievement	<p><b>Together with the next generation.</b></p> <p><b>Creating new value for future generations</b></p> <p>We will take advantage of innovative technologies, bringing surprise and delight to all of our stakeholders.</p> <p><b>P39-40</b></p>	<p><b>Together with our people.</b></p> <p><b>Connecting people to people</b></p> <p>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.</p> <p><b>P41-42</b></p>

