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FY2021 (Year Ending January 20, 2022) 1st Quarter Financial Highlights Appendix : The DyDo Group's Growth Strategy and the Business Model

DyDo Group Holdings, Inc.

(1st Section of the Tokyo Stock Exchange: 2590)

May 26, 2021



1. The DyDo Group's Growth Strategy

-Dealing with Environmental Changes Caused by the COVID-19 Pandemic- P.03

2. FY2021 Priority Issues P.13

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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.

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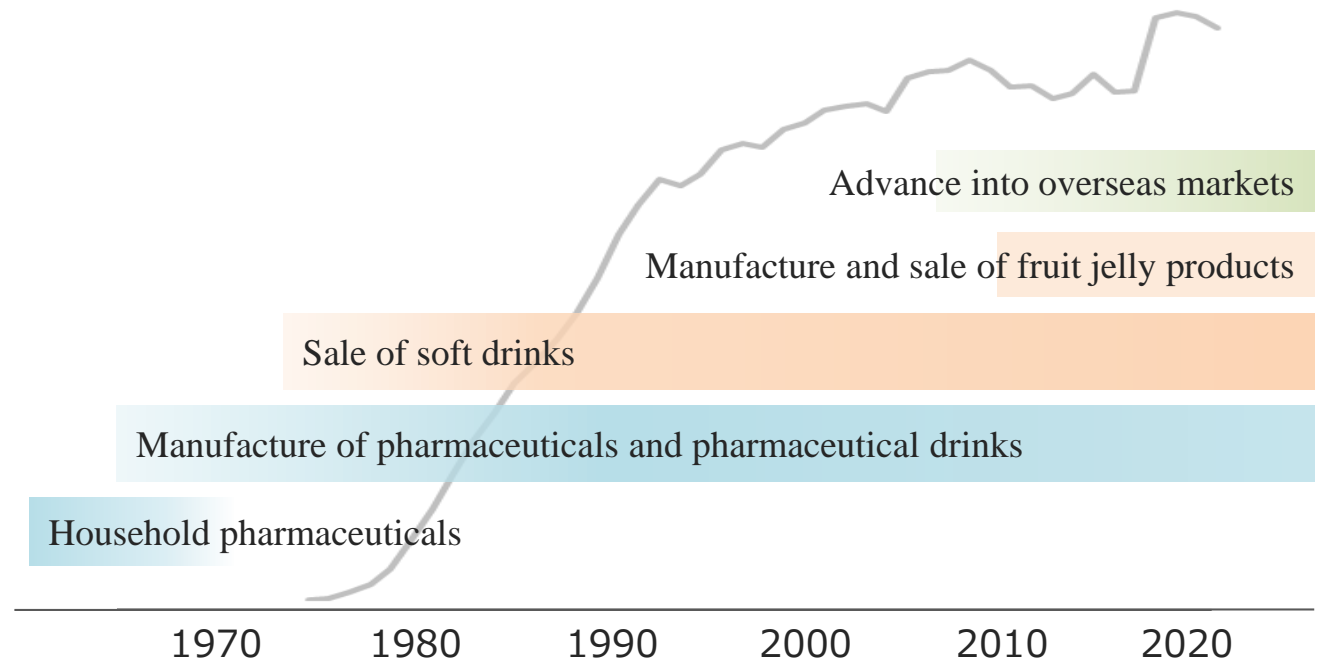
- The DyDo Group's Growth Strategy
 - Dealing with Environmental Changes Caused by the COVID-19 Pandemic -
-

The DyDo Group's 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.

- ▶ Our spirit of striving for happiness and prosperity together is a key value that has developed throughout our history of growth



*Curve: Illustration of sales

The DyDo Group SDGs Declaration

- ▶ In January 2021, we announced the DyDo Group SDGs Declaration and redoubled our sustainability initiatives.

DyDo Group SDGs Declaration

We believe in “Creating happiness and prosperity, together with people and with society” as the company’s philosophy. This Philosophy expresses the spirit of “striving to achieve happiness and prosperity together” that has been with us since our founding. This spirit is an accurate representation of our culture and applicable to SDGs principle “Leave no one behind”.

We have established the Group Mission 2030 to clarify our objectives for the year 2030 in line with our business policy, “For DyDo Group to create enjoyable, healthy lifestyles for people around the world.” Our mission is to contribute to SDGs through our business activities.

We will contribute to SDGs and realize the sustainable society in which people all over the world have their enjoyable and healthy lives for 2030.



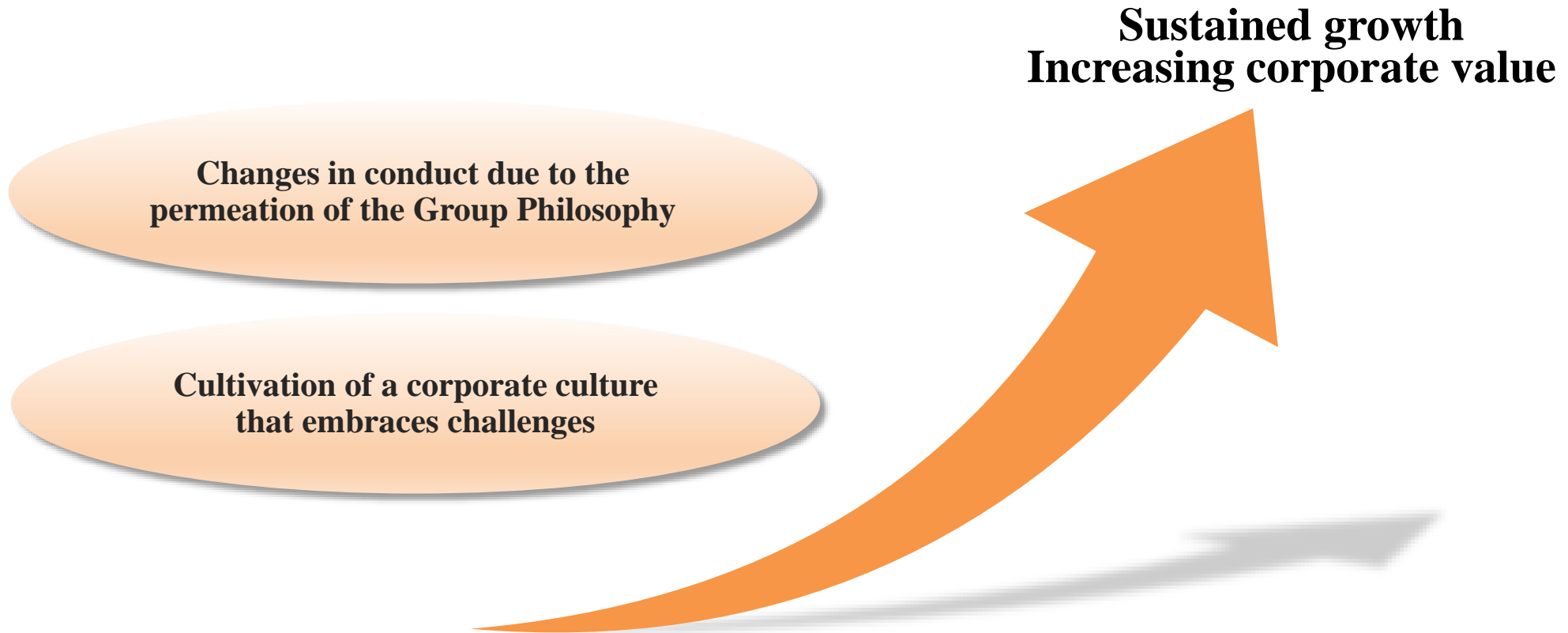
Our website features a video
on this subject.

<https://www.dydo-ghd.co.jp/en/sustainability/sdgs/movie/>



Key Priorities in Realizing Sustained Growth and Increased Corporate Value

▶ Key priorities as we strive to accommodate social change and realize sustained growth



Strengthening human resources

- ▶ We're putting in place an environment that's conducive to hiring, retaining, and training autonomous professionals
- ▶ This approach will improve employee experience*, leading to increased productivity and innovation

* Employee experience (EX) refers to the full range of experiential value that is available to employees through their work. This concept encompasses not only employee satisfaction, compensation, and skill-building, but also all factors that affect employees, including health and workstyle.

Changes in work-style related values

Transition to new workstyles in which employees pursue their responsibilities autonomously

Flexible work structures that allow employees to work at home up to three days a week
Embrace of mobile work that allows sales employees to travel directly to and from sales calls,
without stopping at the office

Facilitating the careers of human resources with a diverse range of skills and values

Active mid-career hiring of outside human resources
Introduction of programs that allow employees to pursue second jobs and accept employees of
other companies in second jobs

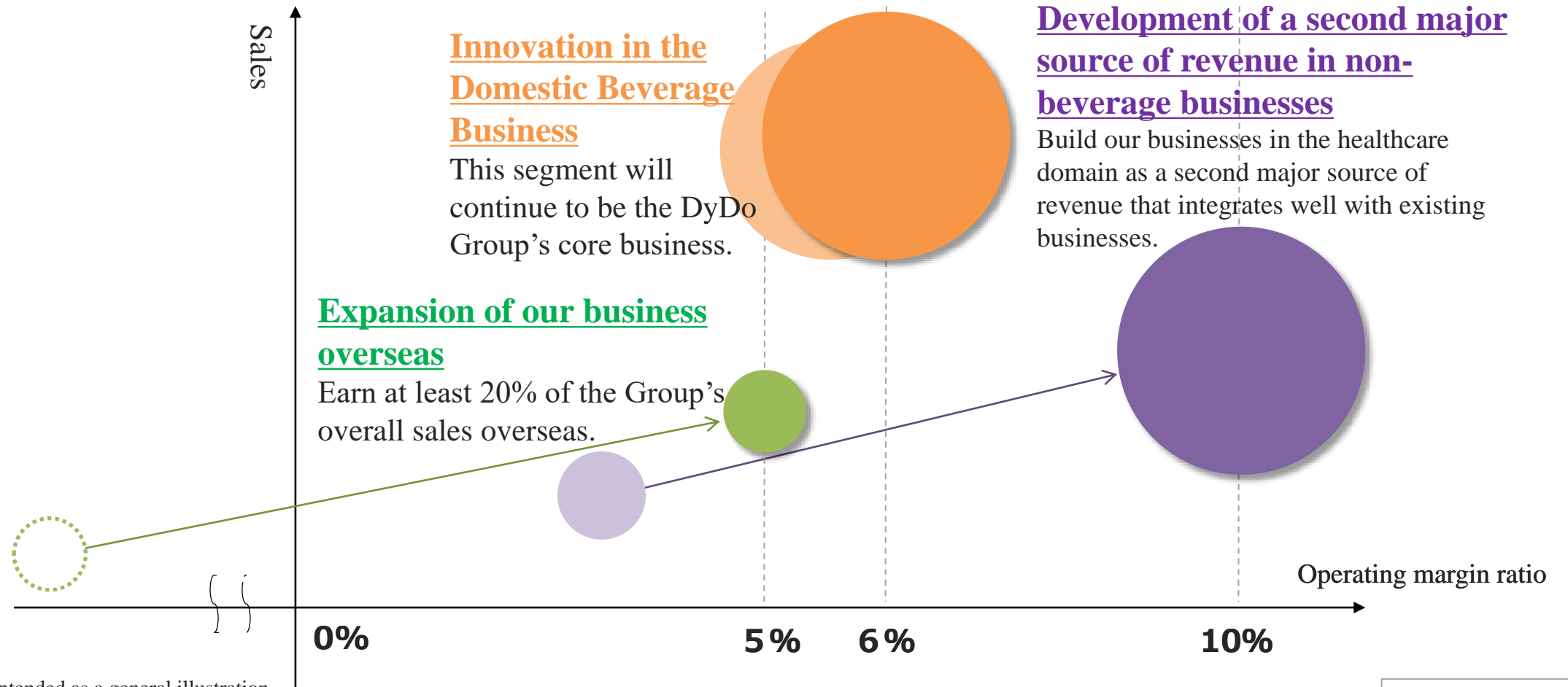
Acceleration of DX-driven social reforms

Putting in place an internal environment that allows employees to make the most of their abilities

Human resources development through the DyDo Innovation Academy
Utilization of engagement surveys
Introduction of a stock-based incentive program for employees

Group Mission 2030 Basic Policies

- ▶ The basic policies outlined in the Group Mission 2030 remain unchanged



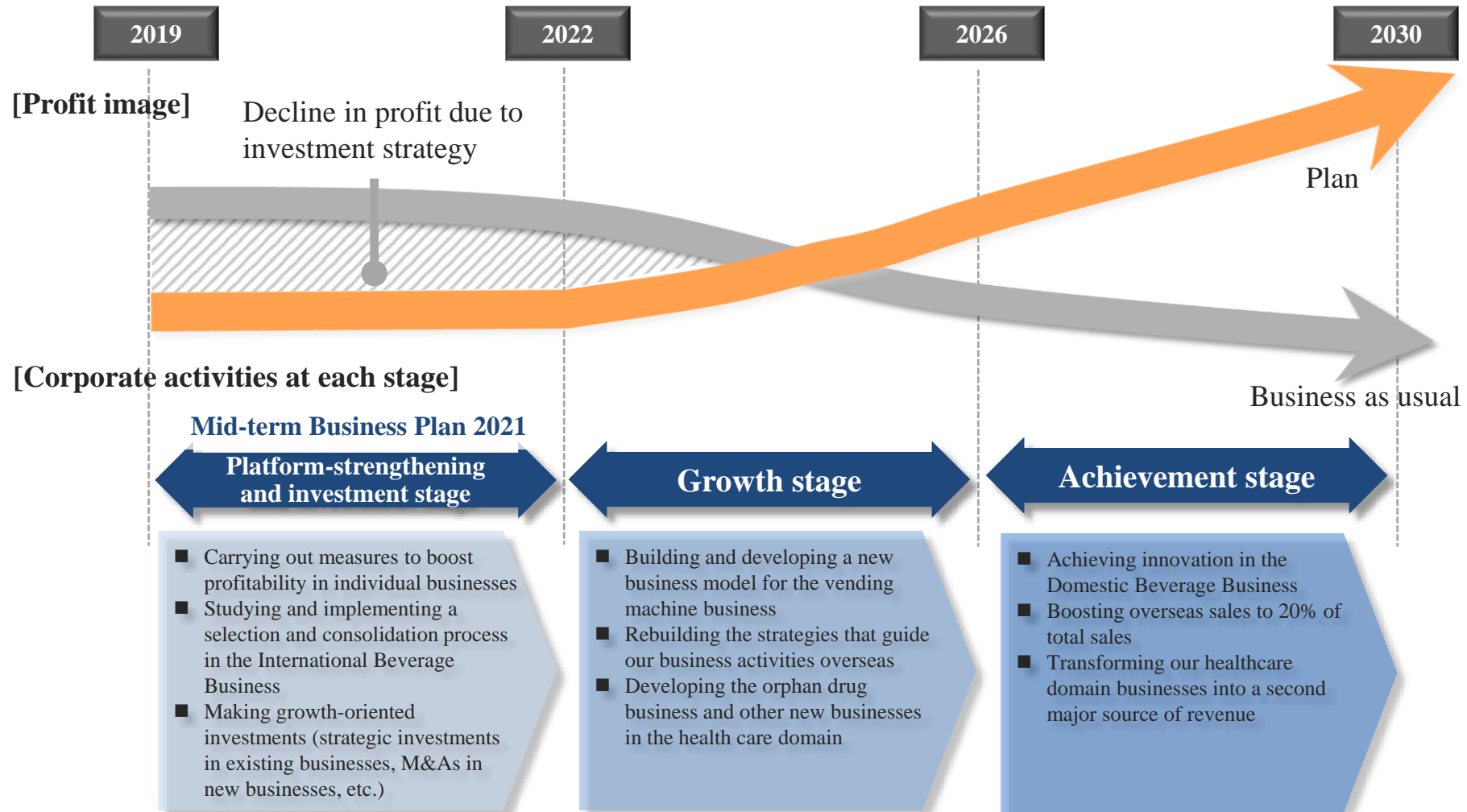
* Figure intended as a general illustration.

The size of each circle represents operating income, with FY2018 and FY2030 indicated by light and dark colors, respectively.

Announced January 2019

Group Mission 2030 Roadmap

▶ Although revenue will fall temporarily, we will make advance investments to achieve sustained growth.



Significance of Promoting Sustainability for mid-term management plan

▶ In order to promote sustainability, both top-town and bottom-up activities are essential

Top-down



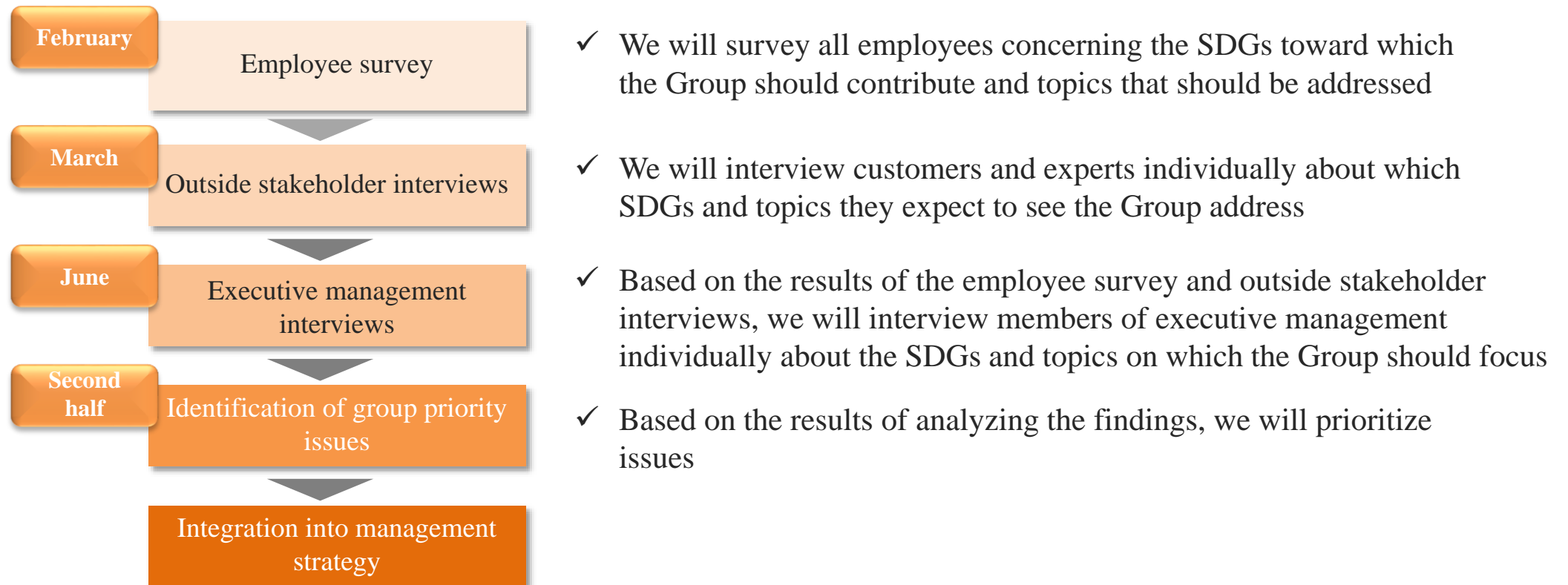
Bottom-up

- Significance of incorporating sustainability into management strategy
 - ✓ Corporate value improves as social issues are resolved through businesses
 - ✓ Business continuity improves as the company is able to deal with social problems that pose business risks
- Significance of encouraging action on the part of individual employees
 - ✓ Employees help improve the corporate brand as the points of contact with customers and society
 - ✓ The pursuit of business is accelerated when employees leverage their autonomy
 - ✓ Employee engagement with the company increases

Incorporating Sustainability into Management

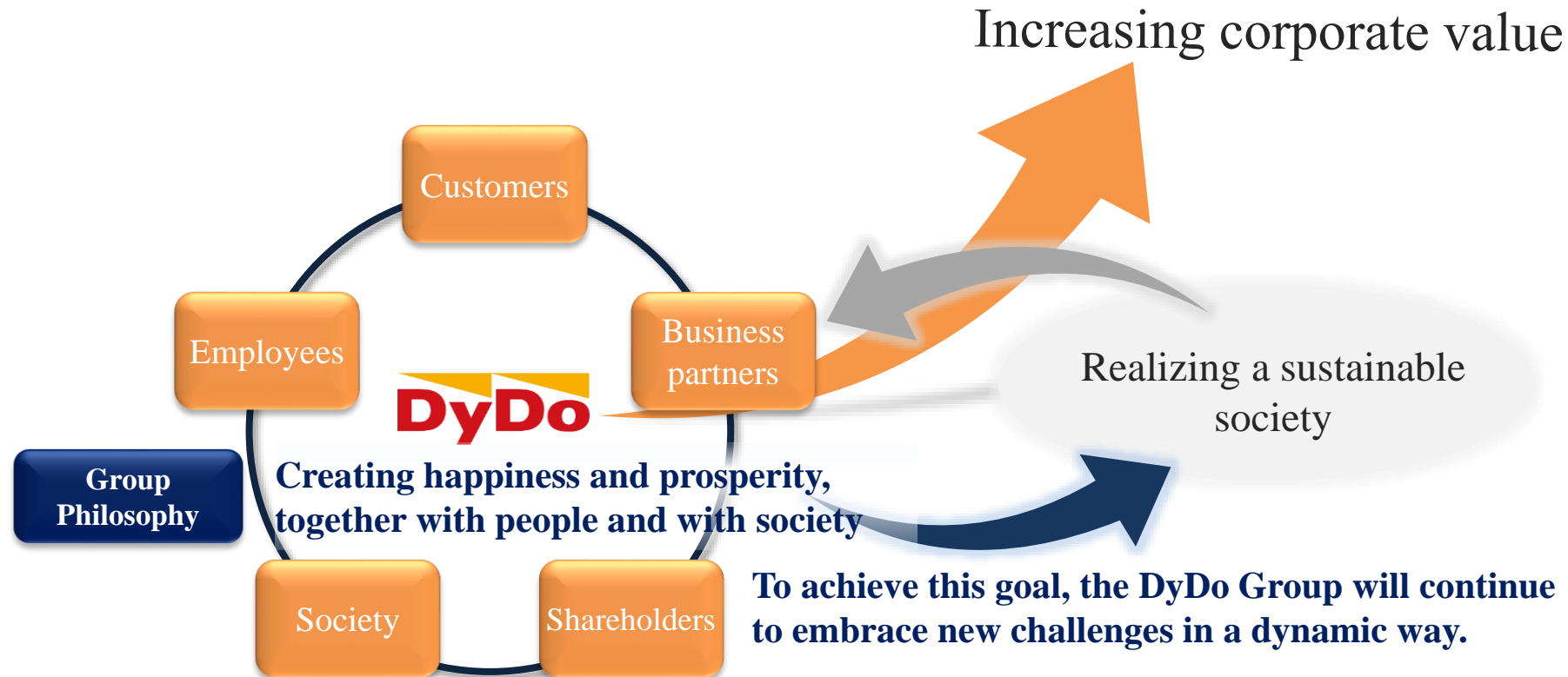
- ▶ We will identify sustainability as a priority issue (=materiality) for the DyDo Group during FY2021 and leverage it to address social issues through the Group Mission 2030

- Materiality identification process



Increasing Corporate Value by Contributing to the Sustainability of Society

- ▶ The DyDo Group is striving to realize a sustainable society that allows offers people around the world enjoyable, healthy lifestyles as its vision for 2030
- ▶ To realize this vision, we will continue to embrace the challenge of accommodating environmental changes through mutually beneficial relationships with stakeholders in line with our Group Philosophy



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■ FY2021 Priority Issues

FY2021 Priority Issues:

(1) Strengthening and Expanding Our Vending Machine Network

- ▶ We will pursue sales activities based on changes in consumer behavior in order to strengthen and expand our vending machine network
- ▶ We will move aggressively to keep vending machines that generate strong sales from being removed

Up to FY2020

- ✓ We bolstered our sales force through reassignments and transfers of operations personnel and through mid-career hires
- ✓ We systematized mechanisms for sharing sales expertise

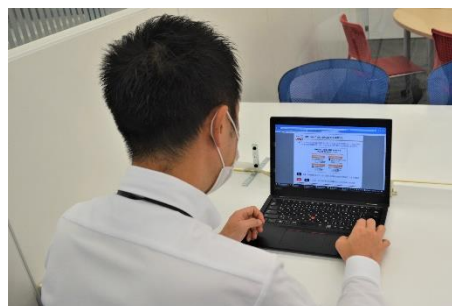
Response to the
pandemic

- ✓ Adoption of online meetings stimulated sharing of sales expertise
- ✓ We launched a team specializing in inside sales in an effort that's gradually yielding results

● Sales promotion utilizing online sales



- ✓ Utilizing online meeting tools



- ✓ Pursuing business discussions via online meetings



- ✓ Using in-person meetings to finalize installation agreements

Inside sales

Field sales

Agree
ment

FY2021 Priority Issues:

(1) Strengthening and Expanding Our Vending Machine Network

- ▶ We will pursue sales activities based on changes in consumer behavior in order to strengthen and expand our vending machine network
- ▶ We will move aggressively to keep vending machines that generate strong sales from being removed

Effects to be achieved

Increased efficiency in securing
installation locations

Growth in the number of installed
vending machines

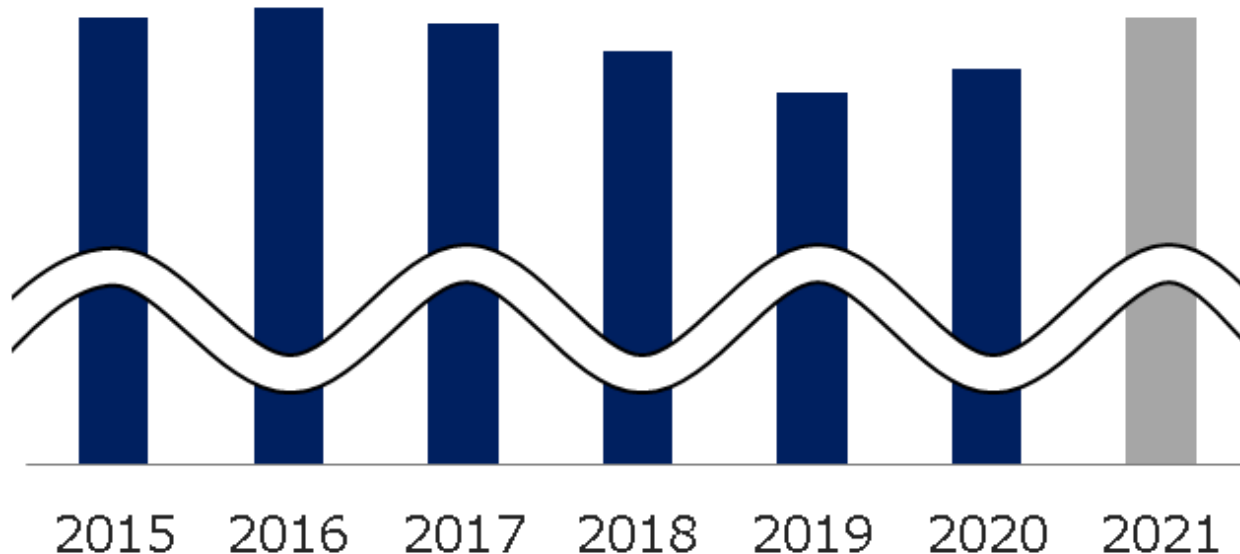
**Improved
profitability**

Improving productivity

Improved EX

Improving sales activities both
quantitatively and qualitatively
Streamlining operations

● Size of the DyDo Group's vending machine fleet (illustration)



FY2021 Priority Issues:

(2) Rolling Out Smart Operations Companywide

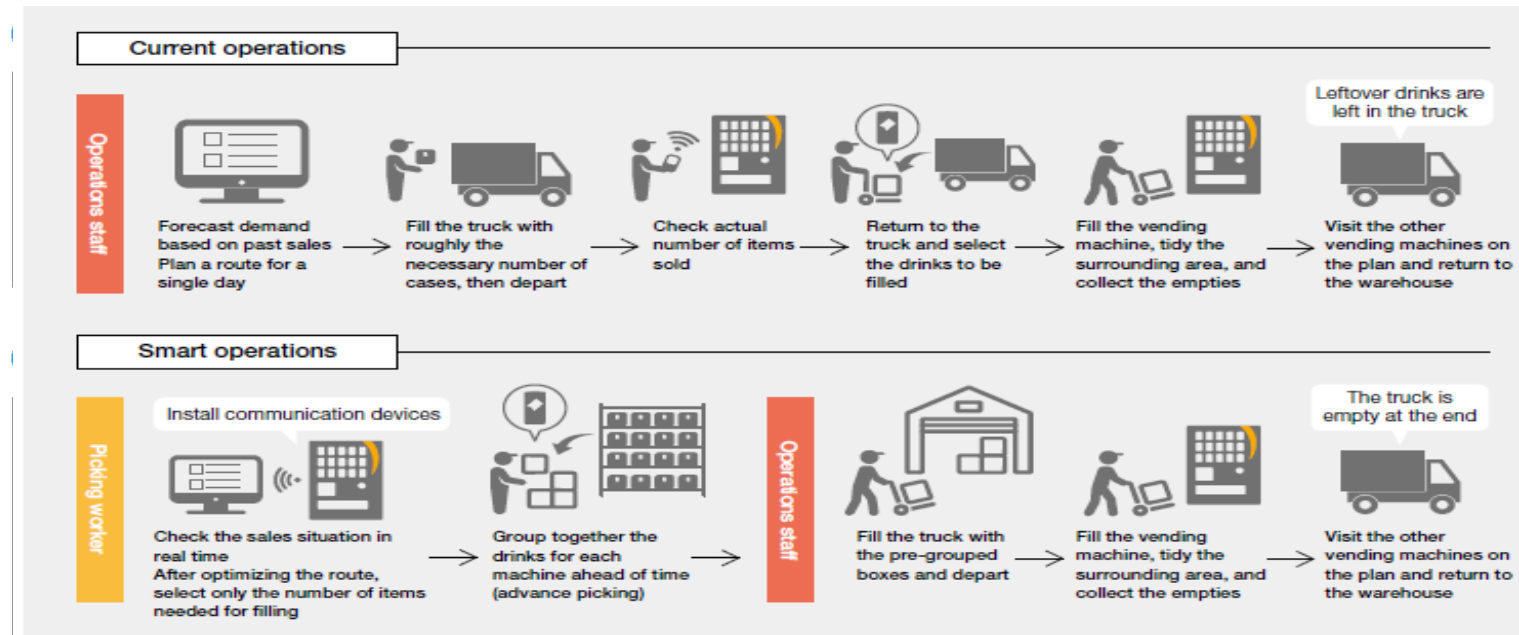
- ▶ We will roll out smart operations companywide in the area of direct sales (operated by DyDo Beverage Service) in order to gain competitive advantages

Up to FY2020

Response to the
pandemic

- ✓ We brought all vending machines at test locations online and conducted verification tests, including of staff's movements
- ✓ We established workflows to facilitate a companywide rollout through repeated verifications
- ✓ The decision was made to update core systems
- ✓ The decision was made to roll out the technology companywide in direct sales

● Smart operations workflow



FY2021 Priority Issues:

(2) Rolling Out Smart Operations Companywide

- ▶ We will roll out smart operations companywide in the area of direct sales (operated by DyDo Beverage Service) in order to gain competitive advantages

Effects to be achieved

Significant improvements in operational efficiency

The number of operations coordinators fell even as we maintained and expanded our vending machine network

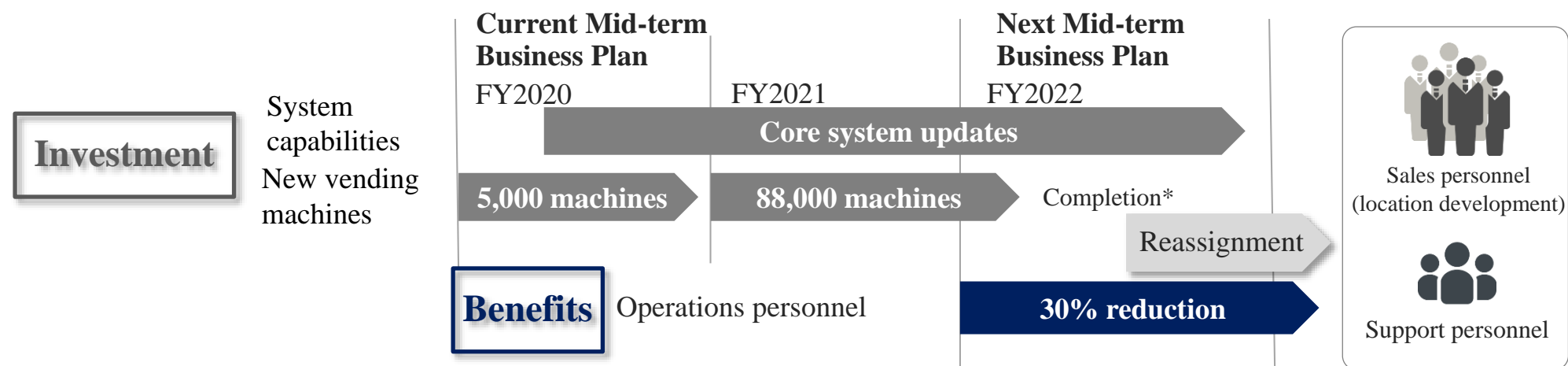
Improved profitability

Decline in maintenance expenses per machine

Improved EX

Decline in workload per employee

● DyDo Beverage Service's rollout schedule



* 113,000 machines in total including 20,000 machines in which the communication parts have been attached by FY2019.

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■ The DyDo Group's Business model

DyDo Group History

(Billions of yen)

200

◆ Overseas expansion



- Expansion of vending machine business within Moscow
- Entry into the Turkish and Malaysian markets

- Acquisition of Tarami Corporation



- Establishment of DyDo DRINCO, Inc. and launch of DyDo blend coffee



- HOT& COLD vending machine



- Launch of Demitasse Coffee



- Introduction of point card



- Introduction of talking vending machines with different dialects



- Launch of MIU



- Strengthening of the DyDo Blend brand



- Launch of the "DyDo Blend Supervised by the World's Top Barista" series



• Smile STAND



100



- Establishment as household pharmaceutical distributor and start of manufacture of drinkable preparations



Beverage sales business spun off

- Start sales of drinkable preparations and canned coffee at gas station



- 2001 Listed on the Second Section of the Tokyo Stock Exchange
- 2003 Designated as a blue-chip stock on the First Section of the Tokyo Stock Exchange

- Relocation of the plant to a new facility in Katsuragi, Nara Prefecture



- Full-scale involvement in OEM following relaxation of regulations for quasi-drugs



- Expansion of orders of beauty health drink



- Expansion of products sold in the Chinese market through a capital and operational alliance with TCI of Taiwan

*Envisioned sales

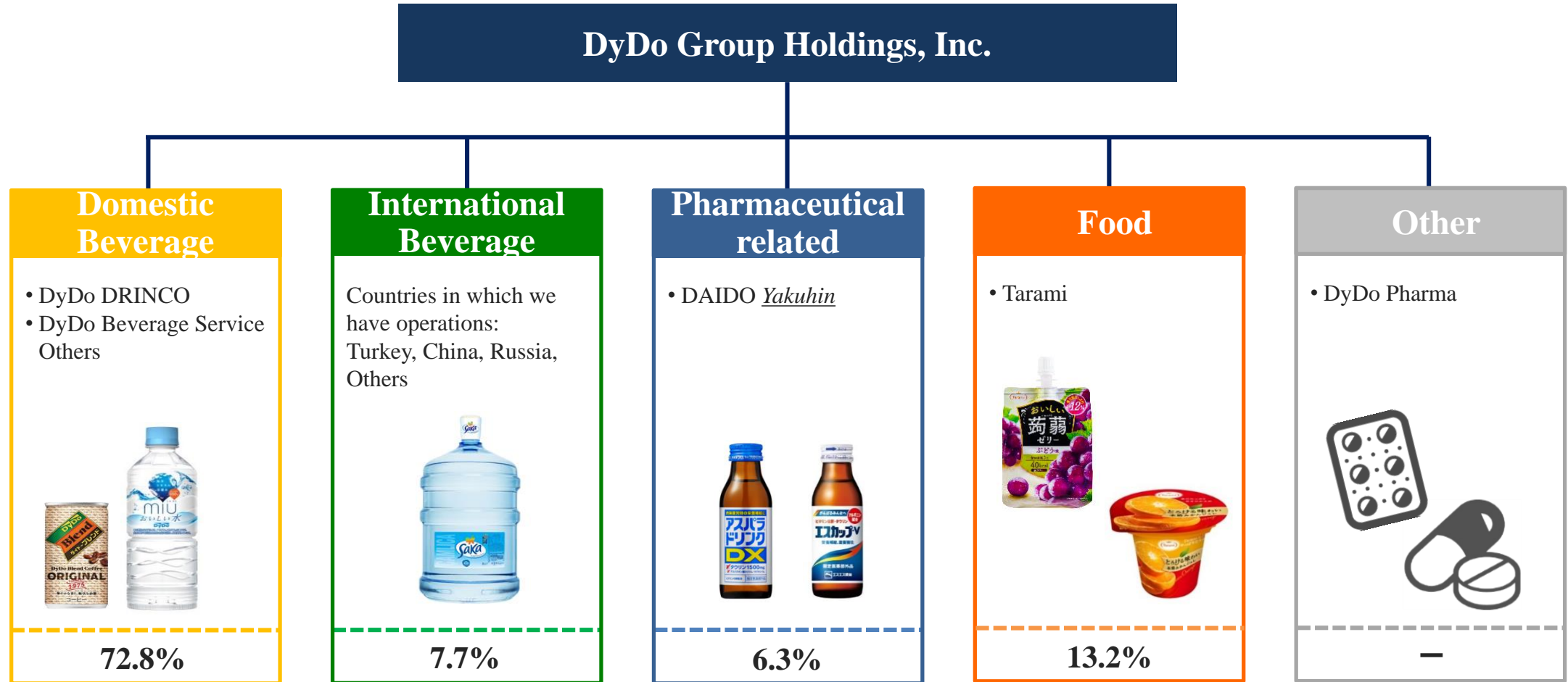
1950s

1970s

1990s

2010s

DyDo Group Business Segments



*Sales to external customers as a percentage of total net sales (FY2020 results)

Business Characteristics and Value Chain (Domestic Beverage Business)

Characteristic 1

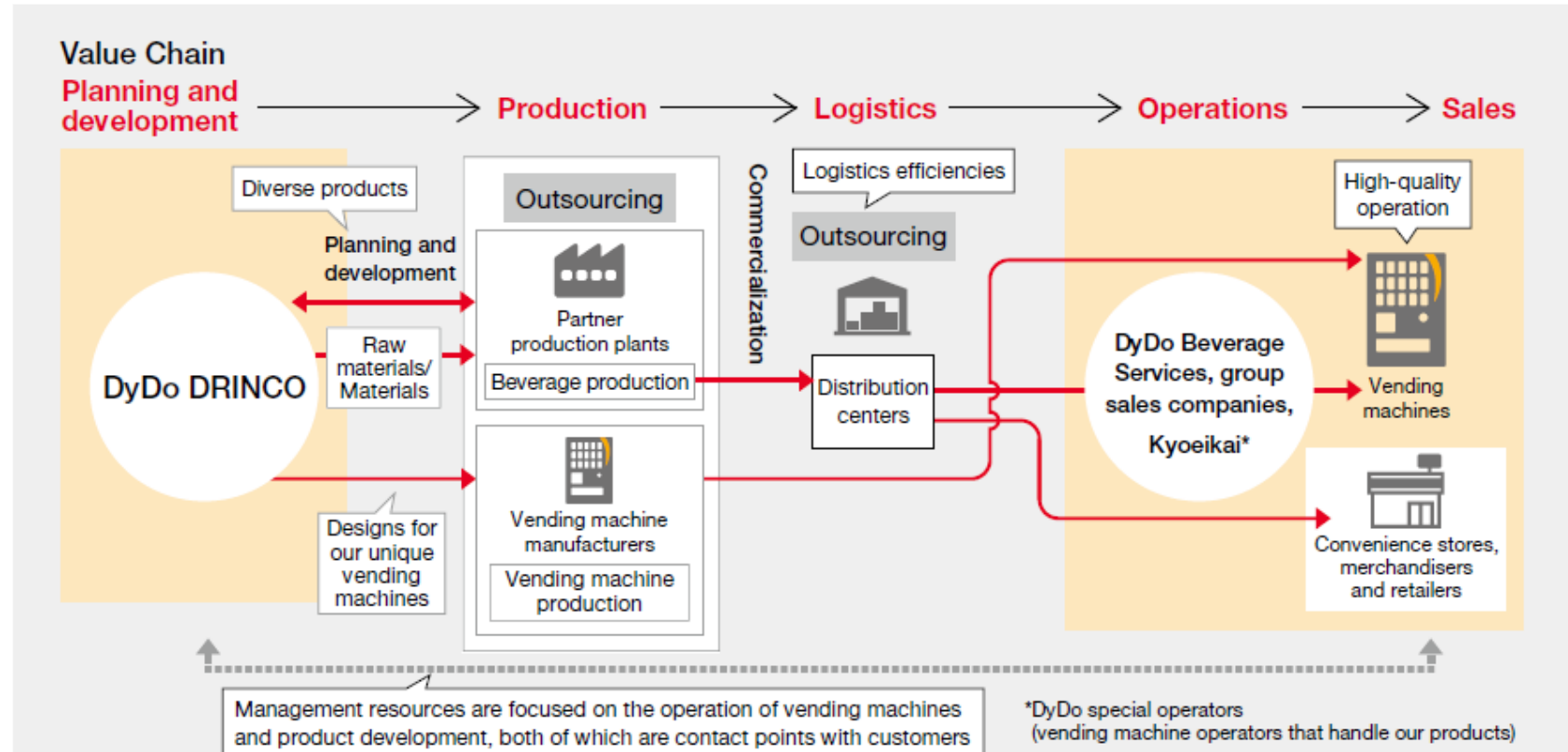
Business development from a retail perspective that sees vending machines as stores

Characteristic 2

One of the industry's leading vending machine networks that is operated directly by DyDo and by the Kyo-eikai (an organization of DyDo vending machine operators)

Characteristic 3

Efficient operational structures based on fabless management



Business Characteristics and Value Chain (International Beverage Business: Turkey)

Characteristic 1

Market growth potential against the backdrop of a large, young population

Characteristic 2

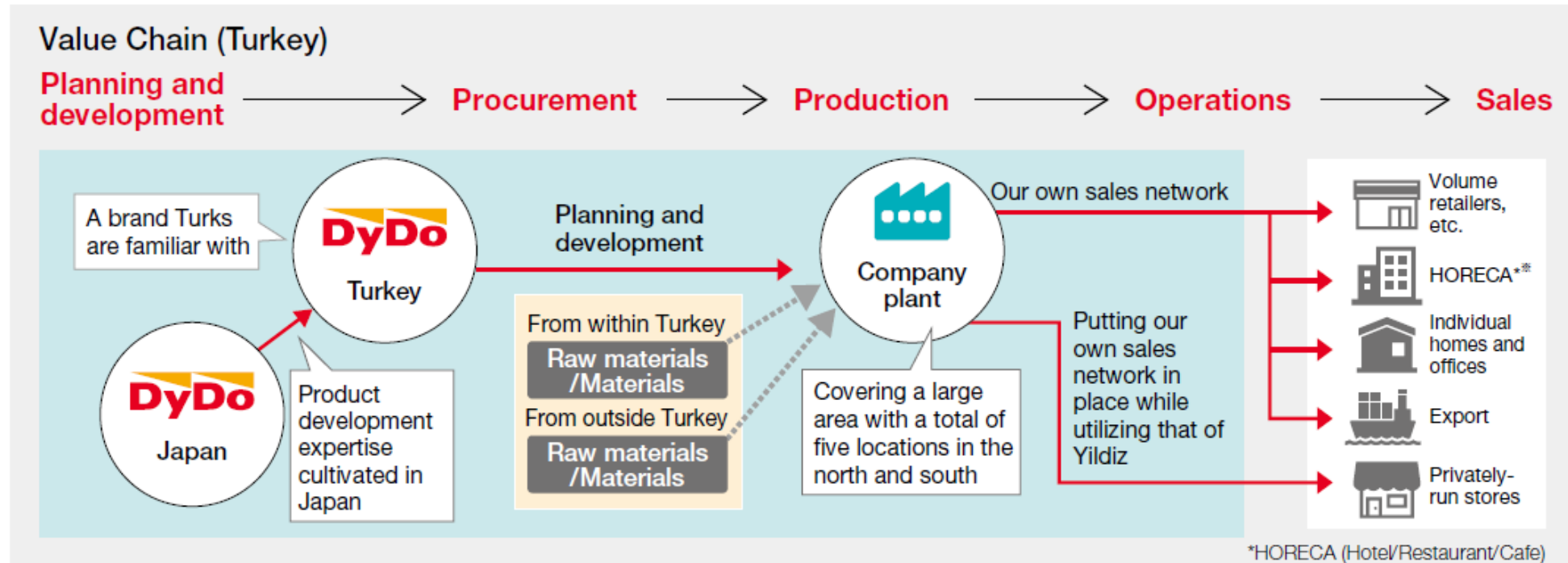
Brand strength stemming from its recognition as a domestic business in a market being entered by global manufacturers

Characteristic 3

Both domestic and international growth potential against the backdrop of our high-quality water sources and manufacturing bases in Turkey



Saka, the mineral water brand driving growth in Turkey



Business Characteristics and Value Chain (Pharmaceutical-related Business)

Characteristic 1

Plants that are licensed to manufacture pharmaceuticals and quasi-drugs

Characteristic 2

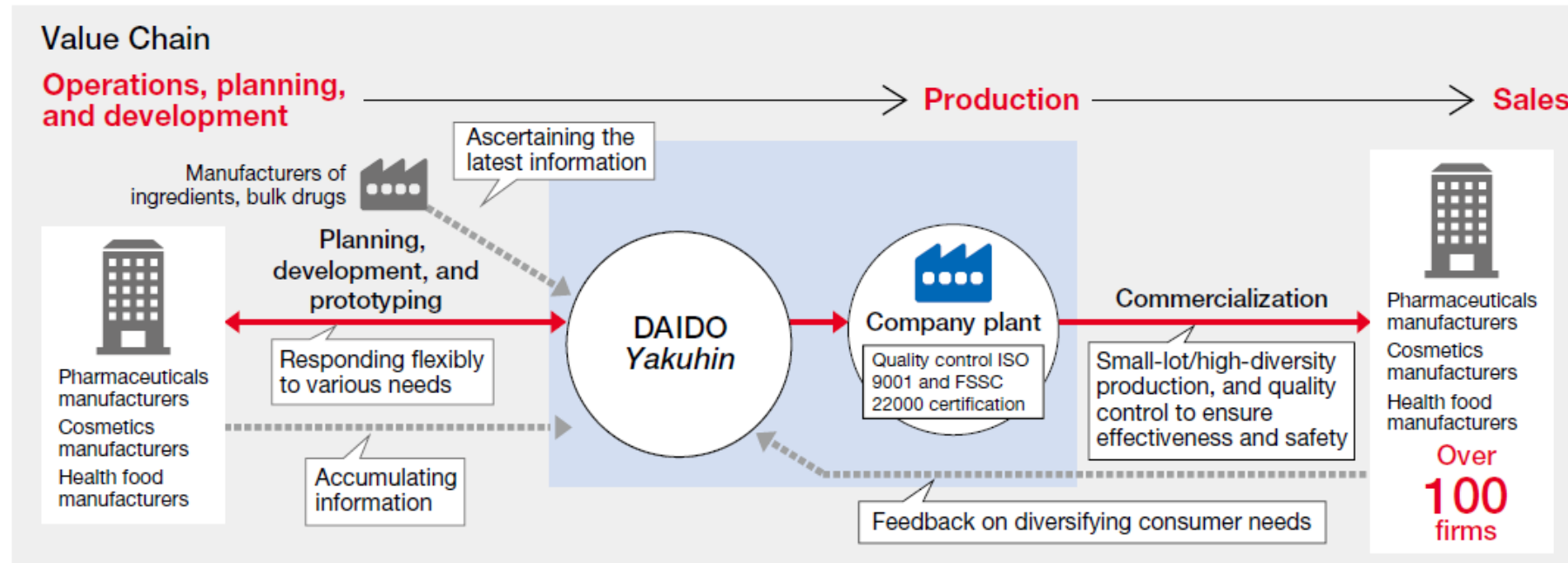
Customer base consisting of manufacturers of pharmaceuticals, cosmetics, and other products that we've built as a contract manufacturing business

Characteristic 3

Manufacturing capabilities needed to accommodate customer needs (drinks: 500 million per year; pouch-packaged products: 30 million pouches per year)



Types of containers manufactured
by Daido yakuhin



Business Characteristics and Value Chain (Food Business)

Characteristic 1

Brand leadership in the industry thanks to a high growth rate

Characteristic 2

Advanced technology for manufacturing delicious jelly products

Characteristic 3

One of the world's largest manufacturing plants and an exceptional quality control system



Product development in line with a diverse range of needs, across the full range of price points (bargain to premium)

