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## **ESG Round Table - Efforts toward Creating Sustainable Corporate Value**

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**DyDo Group Holdings, Inc.**

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

**September 10, 2021**

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## 1. Efforts toward Group Mission 2030

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## The DyDo Group's purpose for existing

- ▶ Offering delicious products for sound mind and body

### 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.

### DyDo Group Corporate Vision

#### Together with our customers.

With our high-quality products, we will offer our customers excitement and enhanced wellness, with distinctive delicious flavors that only DyDo can.

#### Together with the next generation.

We will create a "DyDo Standard" for the next generation that transcends national borders and conventional frameworks.

#### Together with society.

Bringing together all DyDo's resources in the entire Group's product development and corporate activities, we will help build a rich and vibrant society.

#### Together with our people.

We will tirelessly embrace the "DyDo Challenge" of bringing happiness to all whose lives are touched by the DyDo Group.

### DyDo Group Slogan

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Offering delicious products  
For sound mind and body

## Group Mission 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.

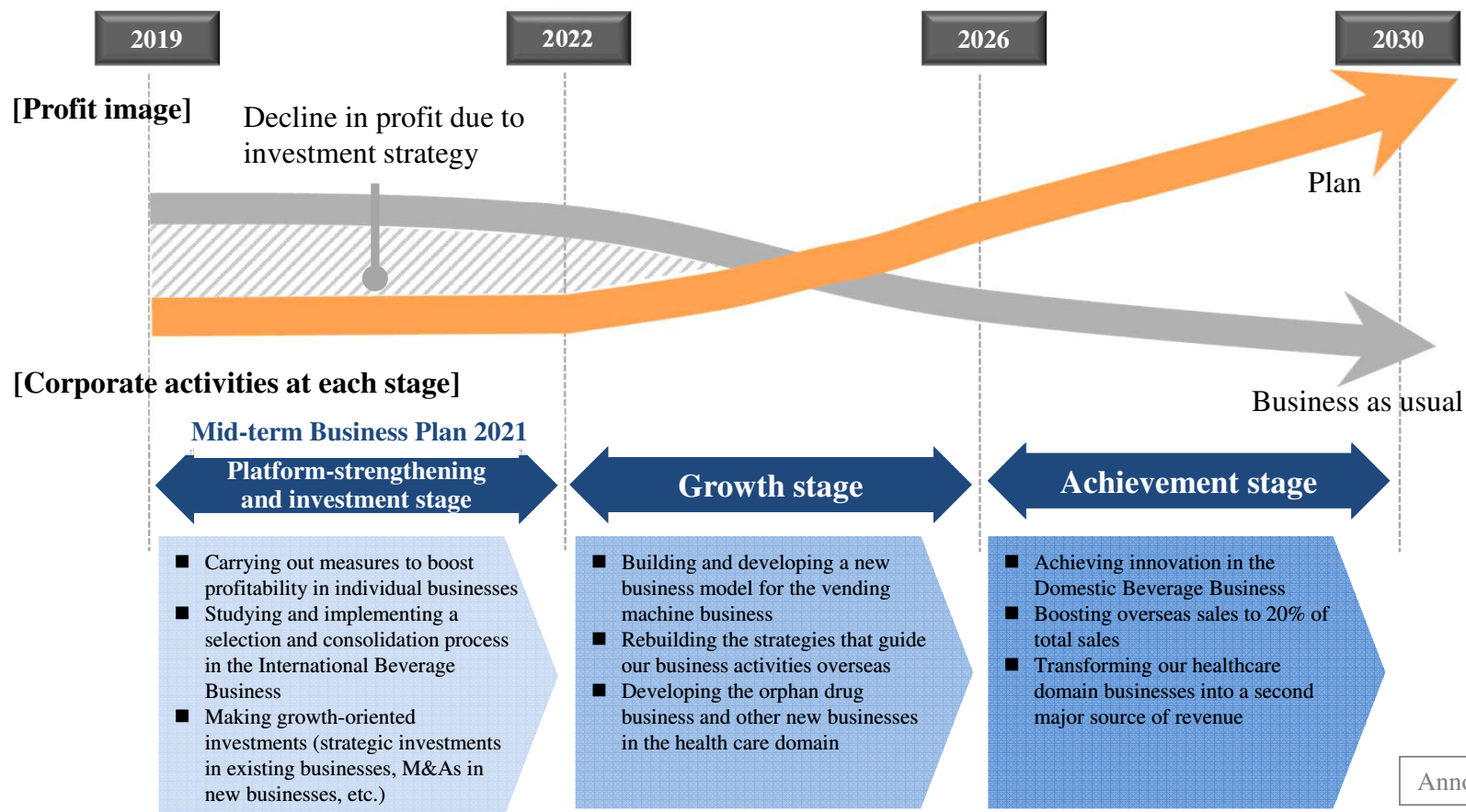


#### Connecting people to people

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.

# Group Mission 2030 Roadmap

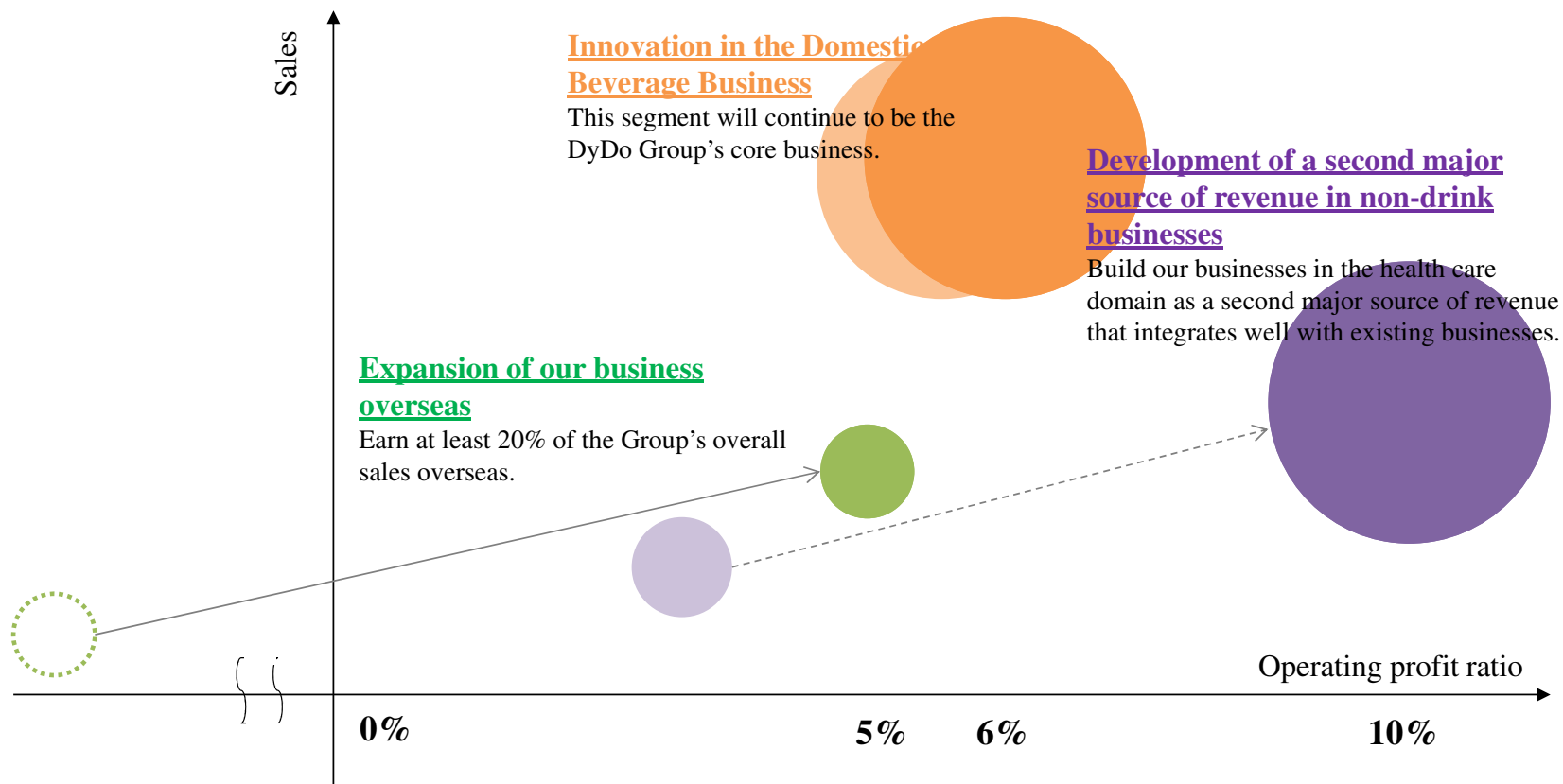
▶ Although revenue will fall temporarily, we will make advance investments to achieve sustained growth.



# Group Mission 2030 Basic Policies



- ▶ Strive to develop a business portfolio characterized by high growth, profitability, and efficiency



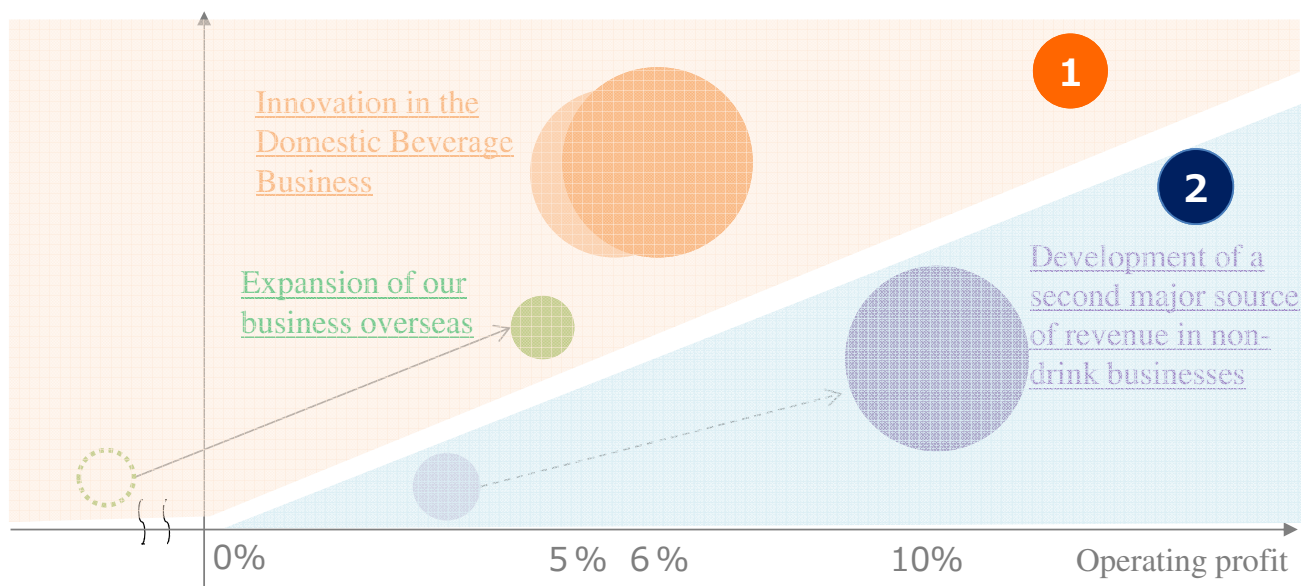
\*Figure intended as a general illustration. The size of each circle represents operating income, with FY2018 and FY2030 indicated by light and dark colors, respectively.

Announced January 2019

# Creating a Sustainable Business Portfolio



▶ Main points regarding the creation of a sustainable business portfolio aimed at groupwide sustainable growth



" Multifaceted management" to grow our business sustainably

1  
Further develop existing businesses

2  
Cultivate growth fields

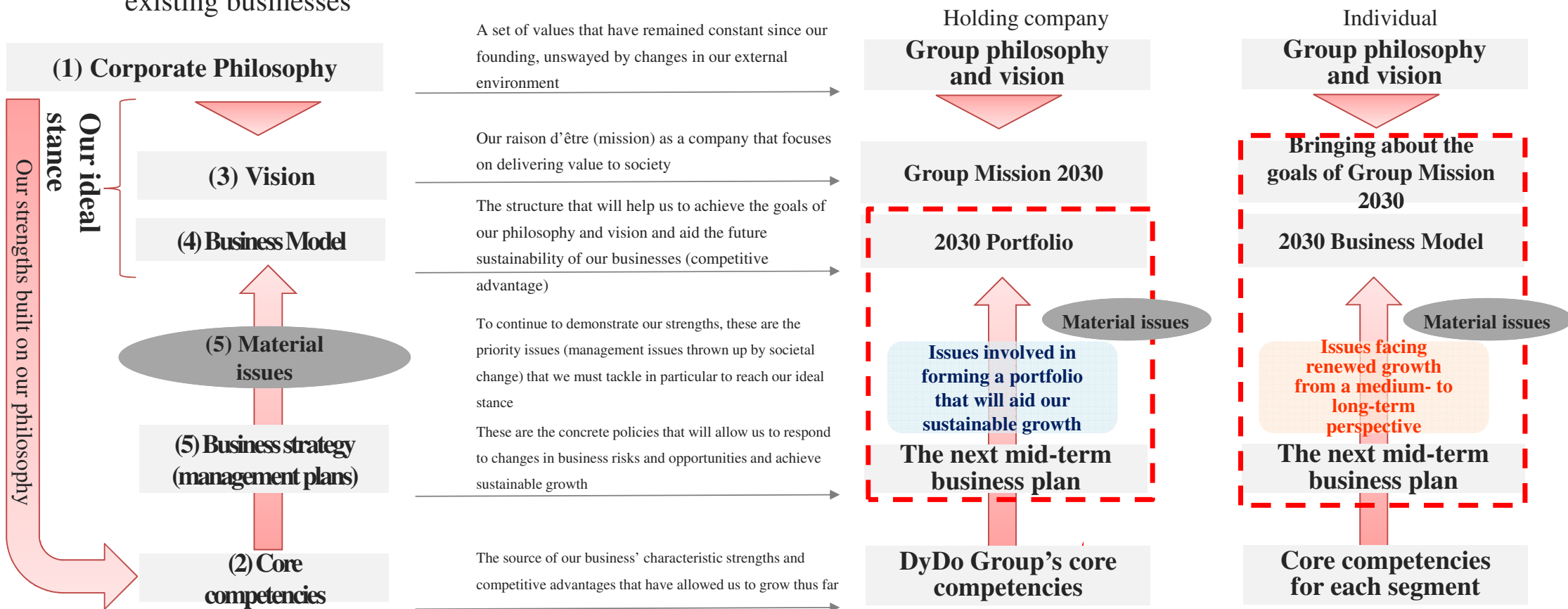
\*Figure intended as a general illustration.

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



# Business Segment and Group Material Issues

▶ Forming a sustainable business portfolio and selecting material issues with the aim of spurring renewed growth in existing businesses



## Selecting Material Issues to Achieve the Goals of Group Mission 2030

▶ To help achieve sustainable growth, we are moving forward through the selection process for our material (key management) issues and will incorporate them into our next mid-term business plan, which marks the “Growth Stage” of Group Mission 2030

● Material issue selection process



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## 2. Efforts toward Creating Sustainable Corporate Value

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# How the DyDo Group's Businesses Have Changed



- ▶ Since we were first founded, we have been guided by our philosophy as we adapt to changes in the times, flexibly adjusting our businesses and expanding the business domains in which we operate

## Group 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.

**Staying close to our customers** × **Taking on challenges in specific fields where we can show our strengths**

### DAIDO *Yakuhin*

(Pharmaceutical-related Business)



To specialize in the contract manufacturing of drinkable preparations and the top manufacturer

From 1956

### DyDo DRINCO

(Domestic Beverage Business)



To improve our vending machine business and achieve a stable position in the market

From 1975

### Tarami

(Food Business)



To specialize in fruit jellies, and maintain the top market share for dry jellies

From 1988(entered the group in 2012)

### Home shopping supplements

(A Domestic Beverage Business segment)



Grow annual sales of "Locomo Pro" to 3 billion yen

From 2013

# Significance of Our Entry into the Orphan Drug Business

▶ Entering the orphan drug business as a way of developing a second major source of revenue in non-beverage businesses

## What our efforts mean

- ✓ We can solve societal issues through our businesses
- ✓ We can enter a business domain with high growth potential

## ● What Are Orphan Drugs?

Orphan drugs are pharmaceuticals that meet the following criteria, as designated by the Minister of Health, Labour and Welfare, based on Article 77, Paragraph 2, of the Law on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices

Target patient population	<ul style="list-style-type: none"><li>• Less than 50,000 in Japan</li><li>• Alternatively, a disease may be designated as a difficult-to-treat disease by regulatory authorities</li></ul>
Need for treatment	<ul style="list-style-type: none"><li>• No appropriate alternative pharmaceuticals or treatment methods</li><li>• Alternatively, the pharmaceutical must offer potential in the form of significantly superior efficacy or safety compared to existing pharmaceuticals</li></ul>
Development viability	<ul style="list-style-type: none"><li>• There must be evidence supporting use of the pharmaceutical in question to treat the target disease, and the manufacturer's development plan must be reasonable</li></ul>

## How DyDo Pharma Hopes to Expand

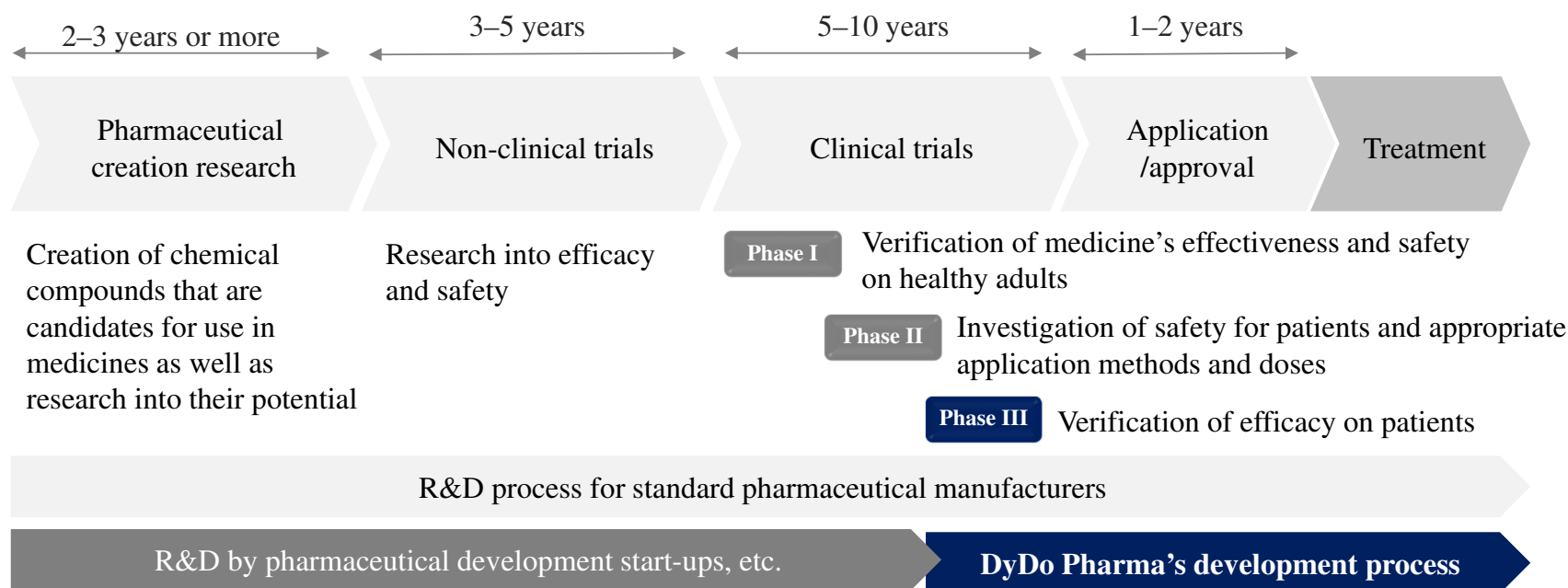
- ✓ First, achieve real results targeting “ultra-orphan” diseases for which there are even fewer patients
- ✓ Widen the field to include diseases for which there are more patients, and establish a business model
- ✓ Introduce and develop new pharmaceuticals that are already part way through the development process and are working toward approval either in Japan or overseas

**Aim to develop our business by positioning ourselves in less competitive areas of Japanese pharmaceuticals market**

# DyDo Pharma's Desired Business Model (1)

▶ Business development focused on processes in Phase III and beyond

● Pharmaceutical creation process



● Contracts

January 2021      Licensing agreement for a LCAT (lecithin cholesterol acyltransferase) treatment

June 2021      Japanese licensing agreement for a treatment expected to prove effective for Lambert-Eaton myasthenic syndrome

## DyDo Pharma's Desired Business Model (2)

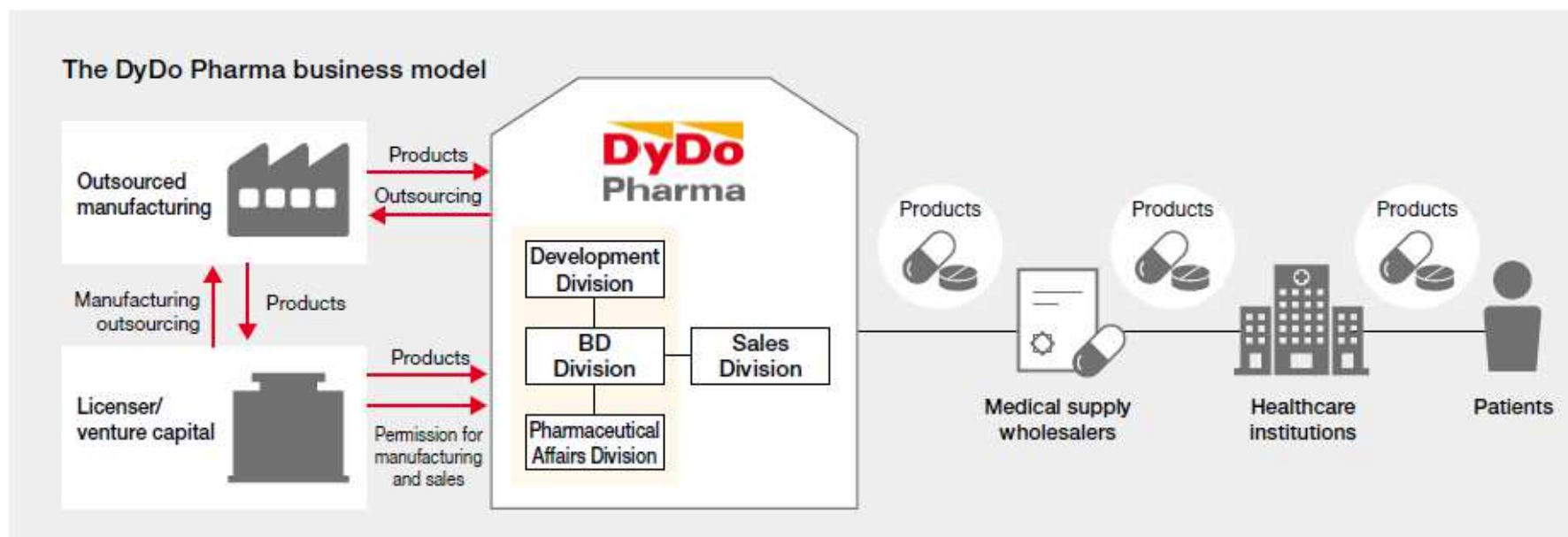


### ▶ Virtual pharma business model free of fixed costs

- ✓ Recruit specialist personnel with track records within the medical industry who will be responsible for the bulk of business management
- ✓ Use external bodies—the CRO\*1 for clinical development tasks and CMO\*2 for pharmaceutical manufacturing

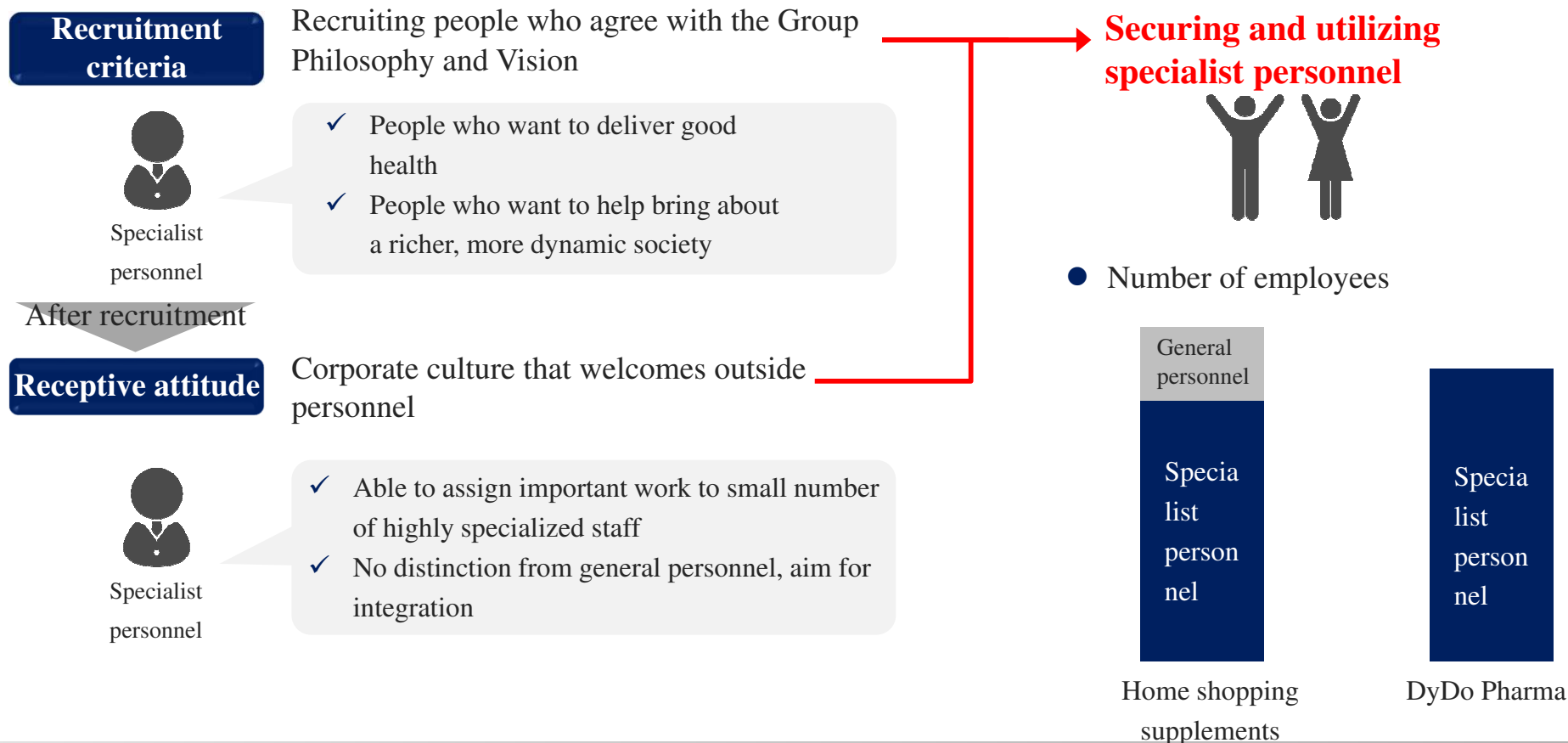
\*1 Contract Research Organization    \*2 Contract Manufacturing Organization

### ● Business Model



# Corporate Culture that Allows Us to Acquire and Utilize Specialist Personnel (Characteristic Common to Home Shopping Supplements and DyDo Pharma No. 1)

▶ We are actively seeking the specialist personnel we need to expand our new businesses from outside the company, and fostering a culture where those specialist personnel can play an active role

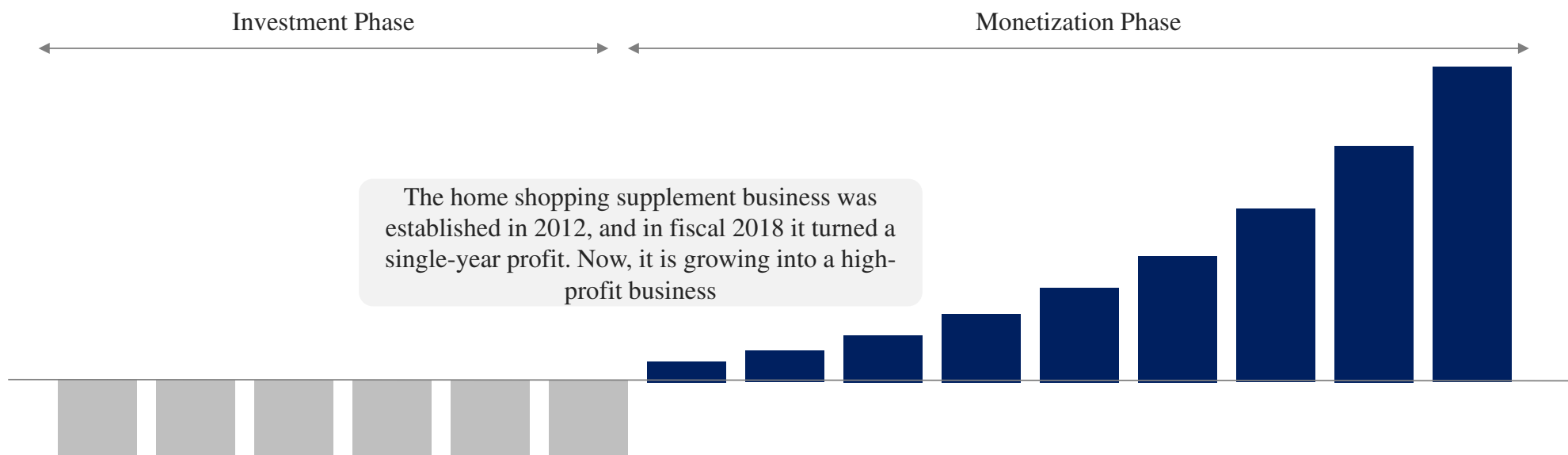




## Business Cultivation from a Long-term Perspective (Characteristic Common to Home Shopping Supplements and DyDo Pharma No. 2)

- ▶ By promoting outsourcing-focused management, we can cultivate new businesses
  - ✓ Certain period of time required for investment to reach monetization
  - ✓ Investment targets are intangible assets, primarily personnel
  - ✓ Through outsourcing-focused management, we can achieve a high ROIC in the monetization phase

### ● Profit Generation



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# Strengthening the Corporate Governance Structure



- ▶ We newly appointed an outside director from pharmaceutical industry at the 46th Annual Shareholders' Meeting (dated April 16, 2021)
- ✓ We decided to appoint the person to strengthen the oversight function because DyDo Pharma concluded the first licensing agreement in January 2021

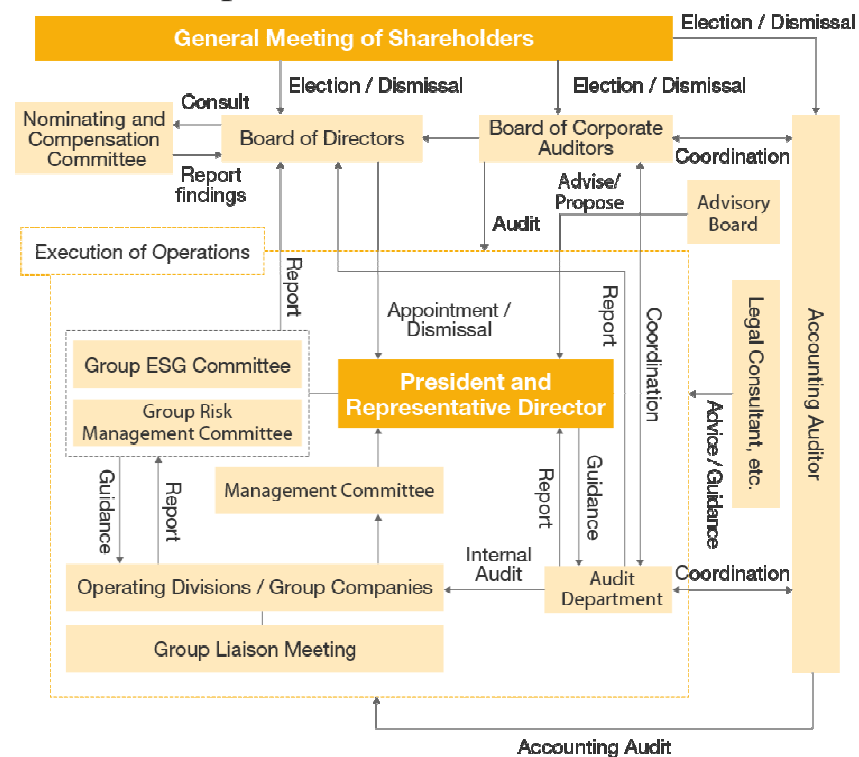


**Michiaki Kurihara**  
Outside Director  
DyDo Group Holdings, Inc.

## ● Profile

Joined Fujisawa Pharmaceutical Co., Ltd., (currently Astellas Pharma Inc.) in 1982, and worked as a Deputy Division Director of Sales Division, and a General Manager, Asia Business Planning, Corporate Strategy Division.  
 Joined Santen Pharmaceutical Co., Ltd. in 2009 and worked as a Director and Vice President, Santen Pharmaceutical Korea Co., Ltd.  
 Joined IMS Japan Co, Ltd., (currently IQVIA Solutions Japan K.K.) in 2013  
 Appointed a General Manager of Planning External Affairs Department (current position)

- ▶ We established a Nominating and Compensation Committee, chaired by an independent outside director, on August 30, 2021, to further strengthen our corporate governance structure as we work toward our next mid-term business plan



## 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

