



# **Management Policy Briefing: Mid-term Business Plan 2026 and the Path to Achieving Group Mission 2030**

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**DyDo Group Holdings, Inc.**

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

**January 14, 2022**

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# **01 Path to Achieving Group Mission 2030**

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## 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

こころとからだに、  
おいしいものを。



Offering delicious products  
For sound mind and body

Formulated in January 2019 as an ideal of where, and what, we want to be in 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.

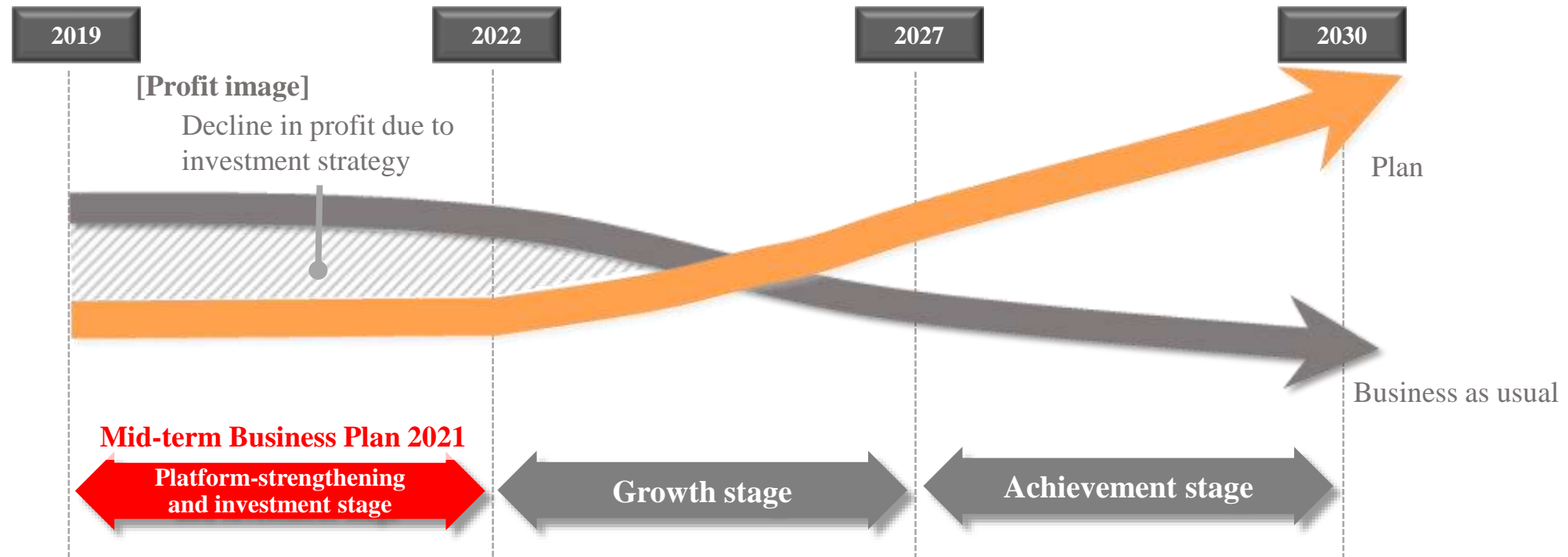
### Together with our people.



#### 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.

To ensure we achieve the goals of Group Mission 2030, we have divided the period up to 2030 into three stages  
 As part of the first stage, Mid-term Business Plan 2021, we are pushing improved profitability for existing businesses and developing our investment strategy for both new and existing businesses



- Basic Policies

- Focusing on improving profits and implementing robust management for existing businesses
- Making judgments about business continuity to facilitate strategic management in International Beverage Business
- Implementing a growth strategy to achieve Group Mission 2030

We are implementing initiatives to strengthen the foundation of our core business, such as increasing the number of vending machines or reforming vending machine operations

Cultivating the healthcare sector to solidify its position as a second major source of revenue, such as by growing our home shopping sales of supplements and starting our orphan drug business

## Improvements in profitability for existing businesses

- Implementing initiatives to raise profitability and strengthen competitiveness for our vending machine business (Domestic Beverage Business)
- Cultivating home shopping sales of supplements (Domestic Beverage Business) as a high-growth, high-profit business
- Improving profitability for the Food Business via multi-faceted initiatives



Increased number of vending machines

**Making progress with efforts to ensure a competitive advantage in the vending machine market**

## Selection and concentration in our International Beverage Business

- 2019** Turkey, Malaysia, Russia, and China
- ↓
- 2022** Turkey, (UK, Russia) and China
- Achieved 135% sales growth in the Turkish business on a local currency basis (comparing the Q3 cumulative results from FY2021 with those of FY2018, the final year of the previous mid-term business plan)
- Withdrawal from the Malaysian business



**Focus on business expansion centered on the Turkish business**

## Implementation of investment strategies

- Investing to reform operations in the Domestic Beverage Business
- Investing in equipment used to expand our contract manufacturing framework at DAIDO Yakuhin (Pharmaceutical-related Business)
- Entering the orphan drug business and acquiring two licenses
- Decision against going ahead with M&A in the healthcare sector after investigating several leads

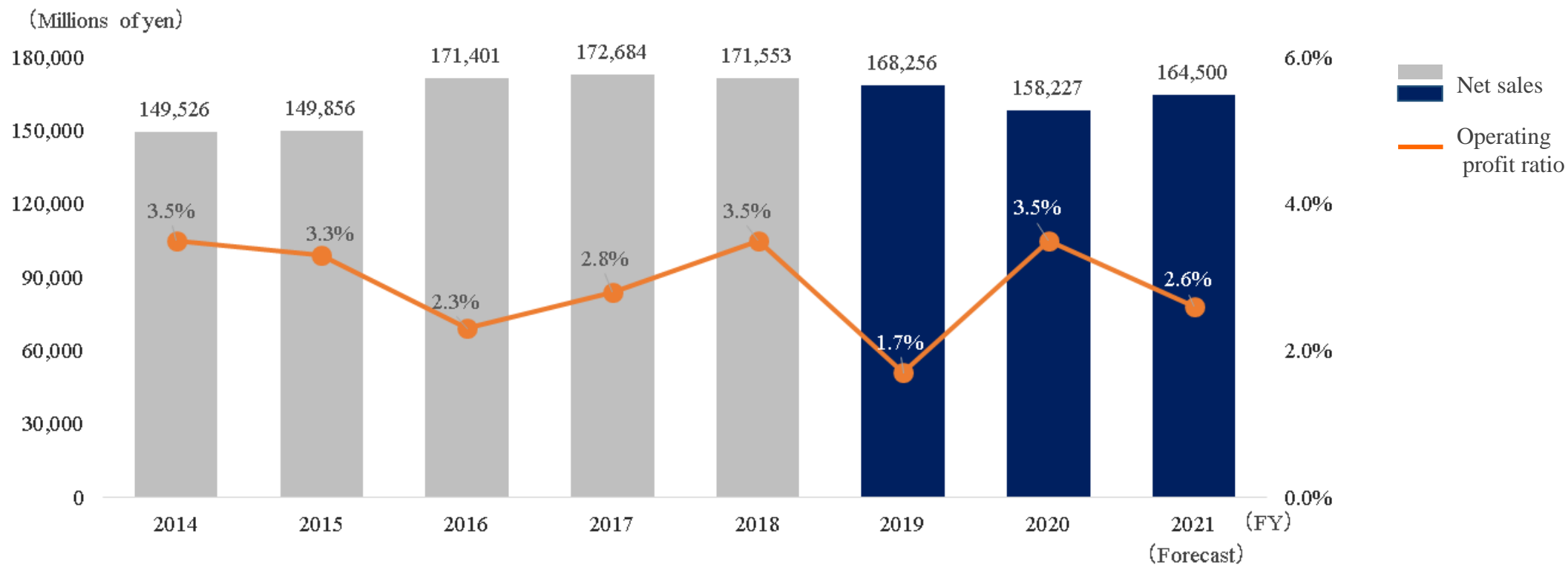


**Steady implementation in both new and existing businesses**

Results have been partially delayed due to the pandemic

The impact of COVID-19 and the lack of M&A investment prompted some concern about sales. In terms of profitability, though, we have managed to maintain a certain level despite it being an investment stage

Consolidated sales and consolidated operating profit ratio



Previous Mid-term Business Plan (Challenge the Next Stage) | Mid-term Business Plan 2021



# Mid-term Business Plan 2021: Achievements and Next Steps



We have steadily implemented our strategy during the platform-strengthening and investment stage and are working out how to promote a growth strategy that can respond to changes in the business environment is our next step

	Major achievements of the 2021 plan	Next steps for the 2026 plan
<b>Innovation in the Domestic Beverage Business</b>	<ul style="list-style-type: none"> <li>With a sales system that is qualitatively and quantitatively better, we have opened up new sites and minimized removals and since our lowest point in 2019, the number of vending machines has steadily grown</li> <li>We decided to make all machines used in direct sales Internet-connected and between investment and task reforms, we are planning to complete our construction of a smart operations*<sup>1</sup> structure in 2022</li> </ul>	<ul style="list-style-type: none"> <li>We need to continue to increase the number of vending machines and improve sales per machine, leading to a trend of increased revenues</li> <li>We need to continuously evolve employee tasks and expand smart operations to the Kyoeikai*<sup>2</sup></li> <li>We need to respond to dramatic rises in raw material costs</li> </ul>
<b>Expansion of Our Business Overseas</b>	Turkey <ul style="list-style-type: none"> <li>We increased sales in the Turkish business, particularly for “Saka” mineral water</li> <li>We made our Turkish subsidiary a wholly owned subsidiary and had them establish their own sales and distribution networks</li> <li>To expand exports, the Turkish business established a directly controlled subsidiary in the UK, and our Russian subsidiary’s operations were brought under the Turkish subsidiary’s operational control</li> </ul>	<ul style="list-style-type: none"> <li>We need to improve profitability by responding to rising expenses for raw materials and logistics</li> <li>We need to expand our export business to take advantage of the weakening of the lira</li> <li>We need to strengthen our resilience against foreign exchange rate fluctuations by increasing the role of exports in our business</li> </ul>
	Other <ul style="list-style-type: none"> <li>We started local production at our Chinese subsidiary, which had previously only sold imports of products made in Japan, and we predict it will become profitable</li> <li>We withdrew from the Malaysian market</li> </ul>	<ul style="list-style-type: none"> <li>We need to roll out health and sugar-free drinks globally</li> <li>We reconstructed our international business strategy by learning from our past experiences</li> </ul>
<b>Development of a Second Major Source of Revenue in Non-Beverage Businesses</b>	<ul style="list-style-type: none"> <li>We achieved high growth and high profits for home shopping sales of supplements (Domestic Beverage Business)</li> <li>We began operations of a new pouch packaging line at DAIDO <i>Yakuhin</i> (Pharmaceutical-related Business) and completed construction of Kanto Plant as a base in eastern Japan</li> <li>We started the orphan drug business and by recruiting specialist personnel we have set up an organizational framework and successfully signed two license agreements</li> </ul>	<ul style="list-style-type: none"> <li>We need to contribute to overall Group profits by expanding home shopping supplements sales</li> <li>We need to improve utilization rates at DAIDO <i>Yakuhin</i>’s Kanto Plant (and respond to ways in which the market has changed by the pandemic)</li> <li>We need to cultivate the orphan drug business by taking a long-term perspective</li> </ul>

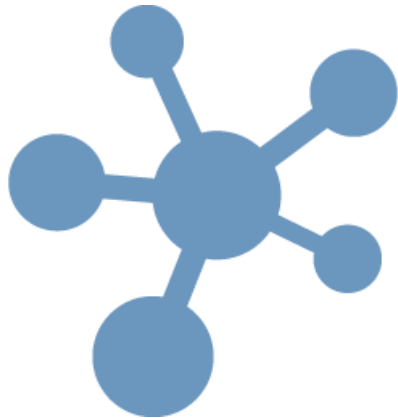
\*1 A term we coined to describe the new, high-productivity work flow we created after undertaking a radical review of our conventional operations

\*2 Vending machine operators in whom we have no capital investment and who are responsible for some DyDo vending machine operations, particularly in more rural areas

**In response to changes in awareness among society and people that have resulted from the pandemic, we are changing to more flexible ways of working and accelerating efforts to promote sustainable management**

	<b>Major achievements of the 2021 plan</b>	<b>Next steps for the 2026 plan</b>
<b>Investment in people</b>	<ul style="list-style-type: none"> <li>• We transitioned to new, flexible workstyles and promoted health and productivity management</li> <li>• We introduced a second job system for employees and a system for accepting second job workers</li> <li>• We recruited a diverse range of mid-career specialists</li> </ul>	<ul style="list-style-type: none"> <li>• We need to further enhance employee engagement</li> <li>• We need to cultivate future managers</li> <li>• We need to promote diversity</li> </ul>
<b>Promotion of ESG management</b>	<ul style="list-style-type: none"> <li>• We announced the DyDo Group SDGs Declaration</li> <li>• We established the Group ESG Committee</li> <li>• We launched our Everyone Love the Earth Project</li> </ul>	<ul style="list-style-type: none"> <li>• We need to simultaneously promote societal and corporate sustainability</li> <li>• We need to achieve sustainable growth and improved corporate value over the medium to long term by promoting sustainability management</li> </ul>

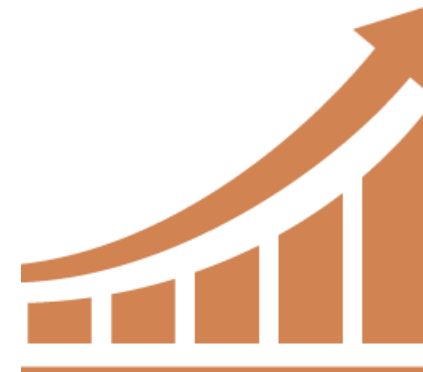
With the spread of COVID-19 leading to major changes in the business environment and the current urgency to tackle global environmental issues, the world needs corporations to pursue sustainable management



Acceleration of digital reforms



Urgent tackling of global environmental issues



Sustainable management

Consumer trends have also undergone major changes—not only have new forms of consumer behavior appeared in line with different values in response to this “new normal,” but demand for health-related and environmentally friendly products has grown ever faster, and there are now greater expectations for individual values and needs, and there are other changes besides



Changing purchasing and payment methods with the spread of digital technologies



Expansion in demand for health-related and environmentally friendly products



Acceptance and expectation of diverse values and needs

**➔ Changes in the social environment and consumer behavior present us with major business opportunities**

We chose these eight material issues to help us get to where, and what, we want to be in 2030



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

# Designating Material Issues to Get to Where, and What, We Want to Be in 2030



## 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.

### Strengths and values we have held since our founding

Closeness to customers and considering their perspectives



Delivering products customers want in the closest and most convenient locations



### Eight material issues aimed at sustainable growth



Growth Strategies



Organizational Foundation



### Where, and what, we want to be in 2030



Our spirit is applicable to the SDGs principle of “leaving no one behind.”





We will raise social value, environmental value, and economic value to achieve sustainable growth

## Social value

We will contribute to the achievement of a sustainable society where people around the world can have enjoyable, healthy lifestyles

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

## Environmental value

We will aim to make our vending machine business carbon neutral by 2050 (for both direct emissions and through generating the electricity the machines use\*1)

We will aim to make emissions (Scope 1 and 2) by the Domestic Beverage Business\*2

**carbon neutral by 2030**

We will aim to cut CO<sub>2</sub> emissions (Scope 1 and 2) for major Japanese group subsidiaries\*3 by half\*4 compared to 2020 levels by 2030

## Economic value

We will aim to improve our corporate value in the medium to long term

Consolidated ROIC in FY2029

**8% or higher**

\*Invested capital is the amount put into in the business segments

\*1 CO<sub>2</sub> emissions produced by vending machines operated by DyDo Beverage Service (Scope 3)

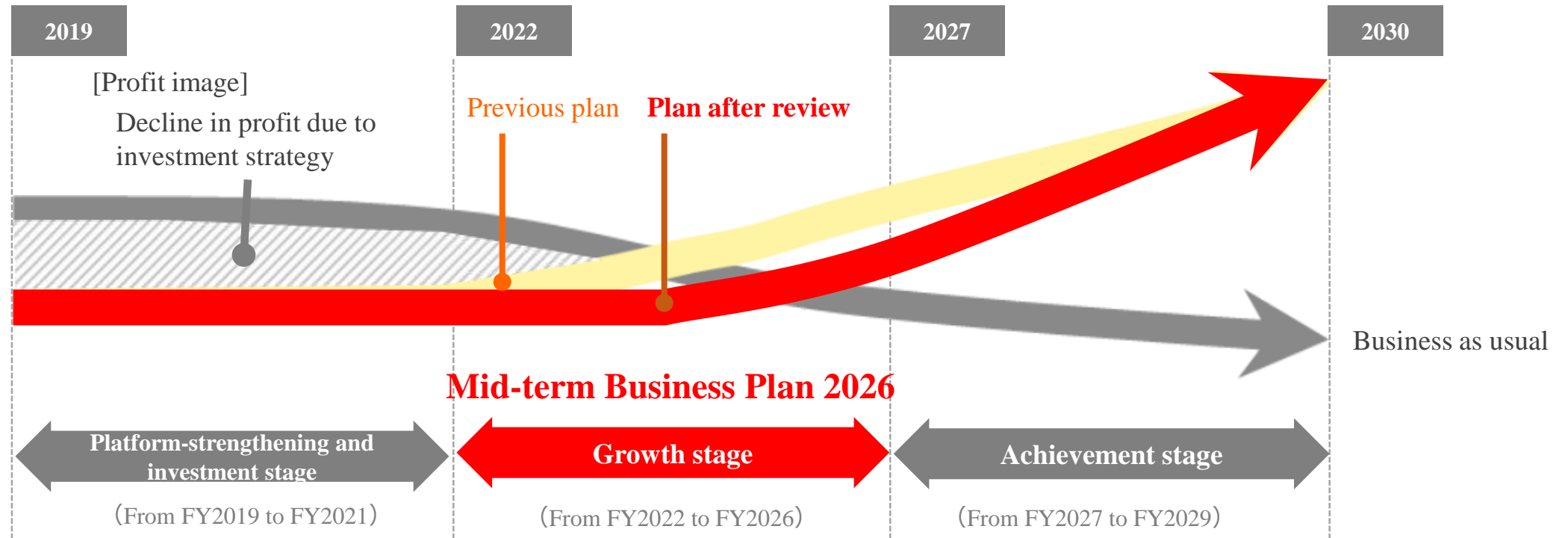
\*2 DyDo DRINCO, DyDo Beverage Service, and DyDo Business Service

\*3 DyDo DRINCO, DyDo Beverage Service, and DyDo Business Service, DAIDOYakuhin, TARAMI corporation

\*4 By sales

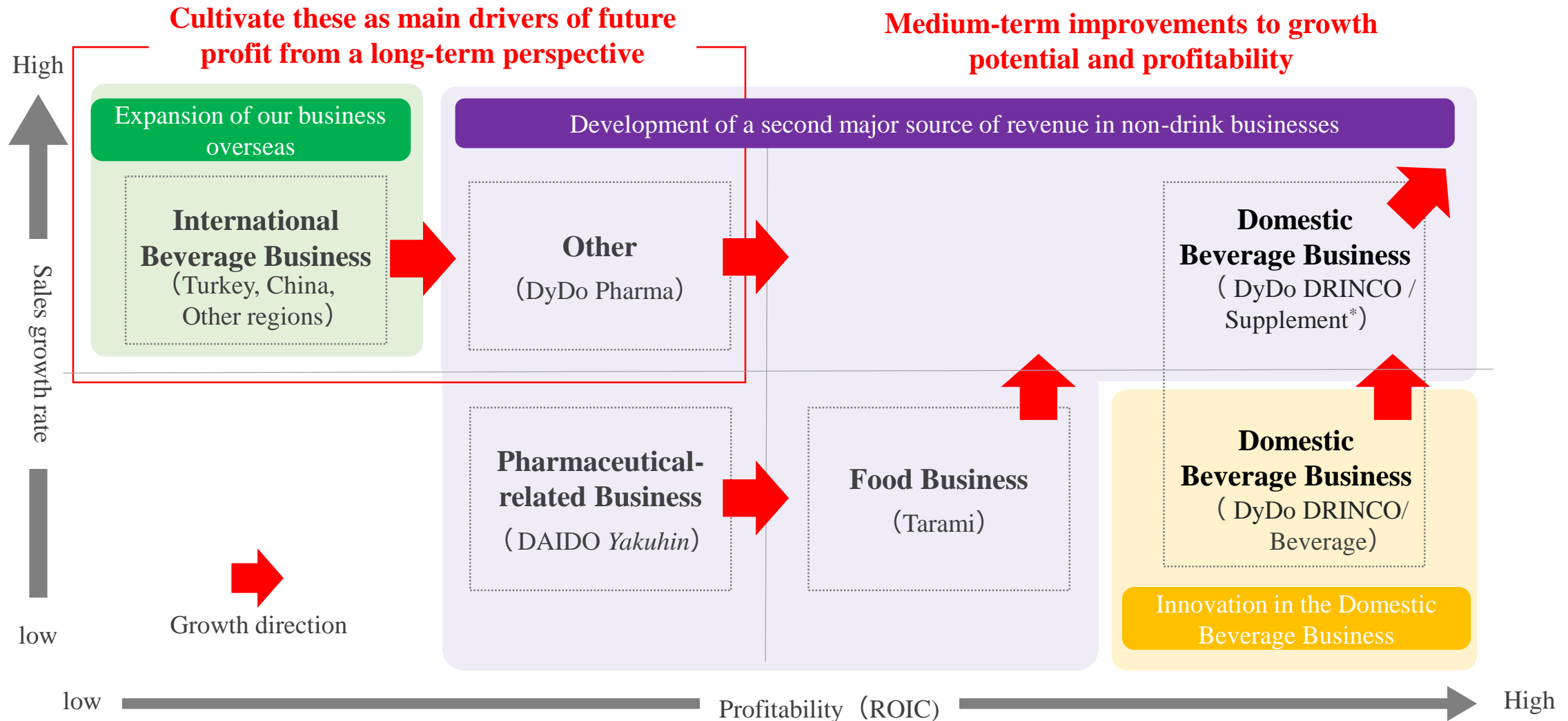
**The Growth Stage is about focusing our energies on renewing growth for the Domestic Beverage Business while cultivating business from a long-term perspective**

- Between continued investment aimed at the later Achievement Stage, the recent dramatic price increases for raw materials, and other factors, we foresee the point in time at which our profit growth trajectory is set to improve being slightly delayed





We are promoting a business portfolio strategy that will help us to get to where, and what, we want to be in 2030






\* As home shopping sales of supplements are currently being developed by DyDo DRINCO, they belong to the Domestic Beverage Business segment for accounting purposes.

# Business Portfolio: Basic Policy and Material Issues



To strengthen the earning capacity of each business, we have switched the key performance indicator (KPI) from operating margin to return on invested capital (ROIC)

Basic Policy and Material Issues		Innovation in the Domestic Beverage Business 	Expansion of our business overseas 	Development of a second major source of revenue in non-drink businesses 
<b>Growth Stage</b> (FY2022-FY2026)	Initiatives to improve profitability	<ul style="list-style-type: none"> <li>Growth of the vending machine channel</li> <li>Continuous evolution of smart operations</li> </ul>	<ul style="list-style-type: none"> <li>Stable growth of the Turkish business</li> <li>Response to dramatic price rises for raw materials and expansion of the export business</li> </ul>	<ul style="list-style-type: none"> <li>Profitable growth of home shopping sales of supplements</li> <li>Improvement in profitability for DAIDO <i>Yakuhin</i></li> <li>Continuous improvements to Tarami's manufacturing costs</li> </ul>
	Initiatives to improve asset turnover	<ul style="list-style-type: none"> <li>Improvement of per vending machine sales</li> <li>Service life extension of vending machines</li> </ul>	<ul style="list-style-type: none"> <li>Improvements to plant utilization rates</li> </ul>	<ul style="list-style-type: none"> <li>Continuous growth in home shopping supplements sales</li> <li>Improvements to plant utilization rates</li> </ul>
	KPI	ROIC 13%	ROIC 3%	ROIC 8%
<b>Achievement Stage</b> (FY2027-FY2029)	Initiatives for future achievements	<ul style="list-style-type: none"> <li>Ensuring of a competitive advantage in the vending machine market</li> </ul>	<ul style="list-style-type: none"> <li>Construction of health-related portfolios with consideration of M&amp;As</li> </ul>	<ul style="list-style-type: none"> <li>Business development of DyDo Pharma into steady profitability</li> </ul>
	KPI	ROIC 17%	ROIC 5%	ROIC 17%

# Measures to Address Our Material Issues

## (Organizational Foundation to Support Growth Strategies—Part 1)



**In order to achieve sustainable growth, we educate employees about our philosophy, vision and sustainable management. To the same end, we strengthen our management with a focus on capital efficiency and enhance our group governance framework**

### Spreading our philosophy and vision

- We spread the DyDo Group's unchanging values represented by our philosophy, etc.
- We have newly determined where, and what, we want each of our business segments to be and to get us there we will promote understanding of, and efforts toward, certain material issues among our employees
- Under the auspices of the Group Sustainability Committee, we will promote sustainable management

### Ensuring capital-efficiency-focused management

- We have set KPIs related to capital productivity (ROIC, etc.) at our major subsidiaries and will manage their progress
- We will raise awareness at our major subsidiaries toward capital-efficiency-focused management and set KPIs aimed at encouraging improvements based on each business' characteristics

### Enhancing our group governance structure

- We will investigate the construction of a groupwide governance structure
- We are making representatives of our major Japanese subsidiaries corporate officers in the holding company, and enhancing cooperation between group companies

Achieve  
work-life synergy  
for employees and  
promote diversity

**Our aim is to both train future managers from inside and outside the Group, promote diversity among personnel, and improve employee engagement within the Group**

## Hiring and training future managers

- We train the next generation of executives and professional personnel from inside and outside the Group
- We will train personnel and encourage them to interact on a groupwide basis

## Promoting diversity among personnel

- We establish environments where diverse people want to work, regardless of their nationality, age, gender, or career experience
- We provide employees with flexible ways of working, such as through flextime, remote working, or a second job system
- We strengthen the working environment so as to support employee health as per the DyDo Group Health Declaration

## Improving employee engagement

- We conduct engagement surveys at all Japanese subsidiaries
- We foster a culture that further promotes taking on challenges



**We are aware of the urgency of responding to society’s digital transformation (DX) and so we will make full use of all sorts of digital technologies and develop an IT strategy to help our Group evolve**

## **DX promotion to create new value**

- We will develop future core systems modeled on responses to new businesses and tasks
- We will develop a system aimed at implementing workstyles that utilize data-based decision-making
- We will set up a business innovation group to promote DX
- We will strengthen our IT organization and train IT personnel

## **Increased job productivity**

- We will methodically move from disparate IT foundations optimized to each group company to one optimized to the entire group
- We will invigorate communication across the entire organization via technology
- To minimize the risk of business disruption from cyber-attacks, we will create a zero-trust security environment

# Measures to Address Our Material Issues (Organizational Foundation to Support Growth Strategies—Part 4)

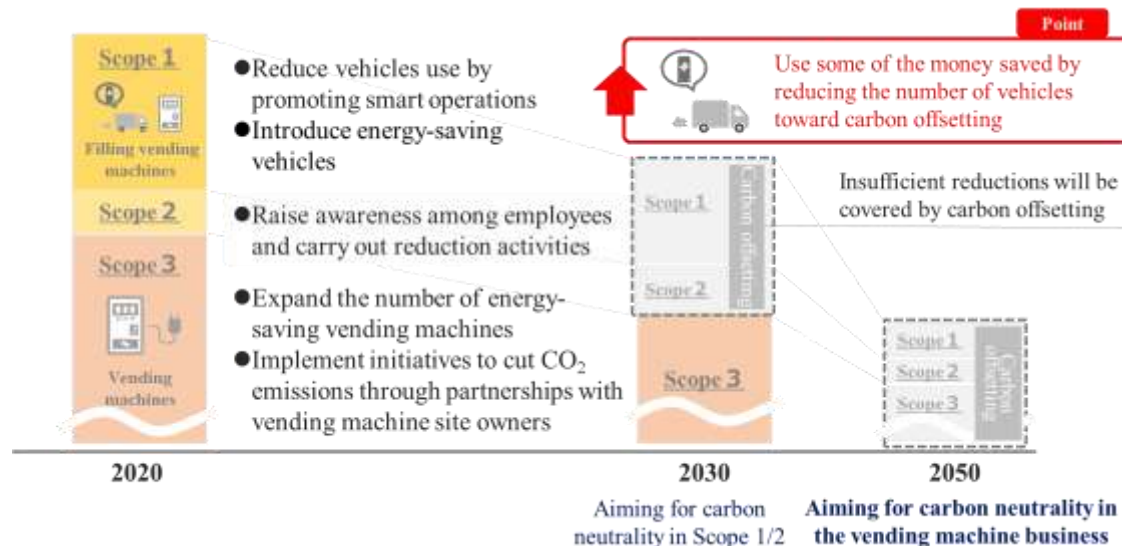
Contribute to a decarbonized, recycling-oriented society

We have set targets, particularly for our core vending machine business, and will work to bring about a decarbonized, recycling-oriented society and fulfill our duty as a corporate group

Designation of CO<sub>2</sub> emission reduction targets

Priority goal for recycling-oriented society

Reduction of direct emissions by the vending machine business



\* Priority environmental targets announced in November 2020



We should deliver food and drink that is delicious for body and mind to create enjoyable, healthy lifestyles for people around the world

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

In the vending machine market,  
we will provide new value through  
constantly taking on challenges  
and co-creating and so continue  
to lead the industry

こころとからだに、  
おいしいものを。



Offering delicious products  
for sound mind and body

We will produce medicines  
for patients suffering from orphan  
diseases for which there are currently  
no treatment options

We will create global brands  
that support the health of people  
all over the world

We will be  
the no. 1 contact manufacturer  
in the health and beauty field

We will utilize our fruits and jellies  
to pursue great taste and health,  
to make people happy



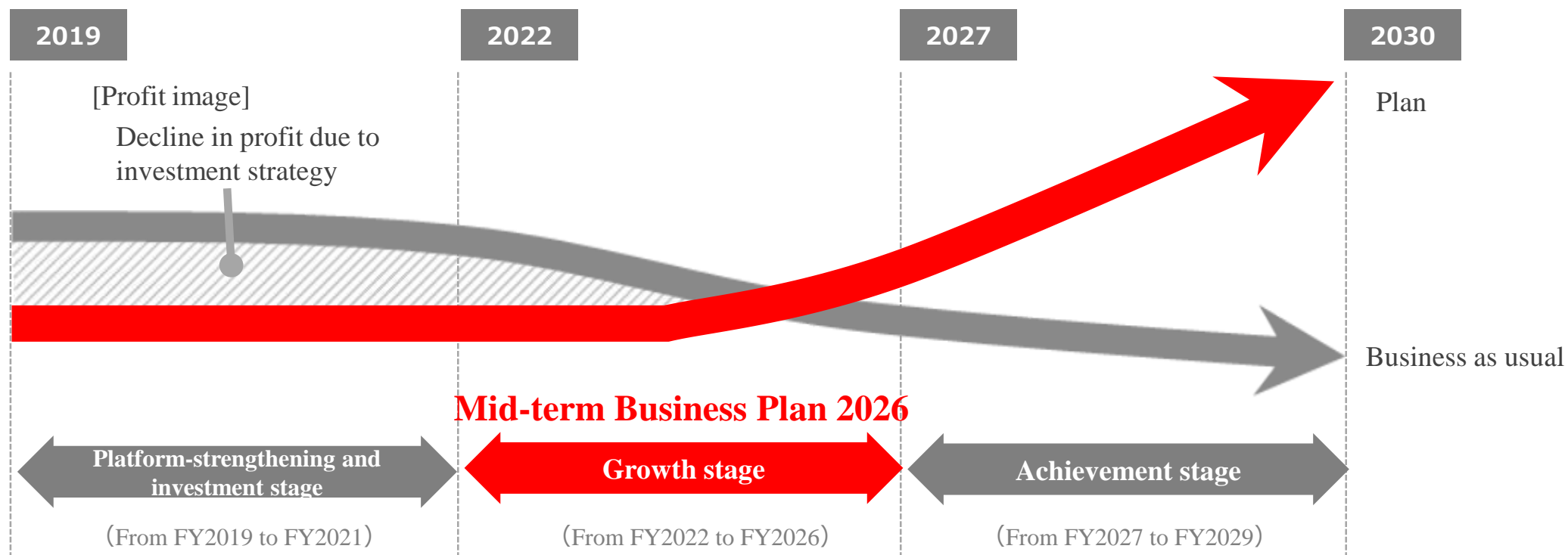
## 02 Mid term Business Plan 2026

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## Promoting three basic policies as we move toward the Achievement Stage

- Renewing growth in the Domestic Beverage Business
- Reformulating our international business strategies
- Strengthening and developing non-beverage segments



We aim to recover our ability to generate cash flows in the vending machine business and invest in, and develop, the healthcare sector

Sales growth rate(CAGR)

\*Currency Neutral

**+3%**

Consolidated operating profit ratio

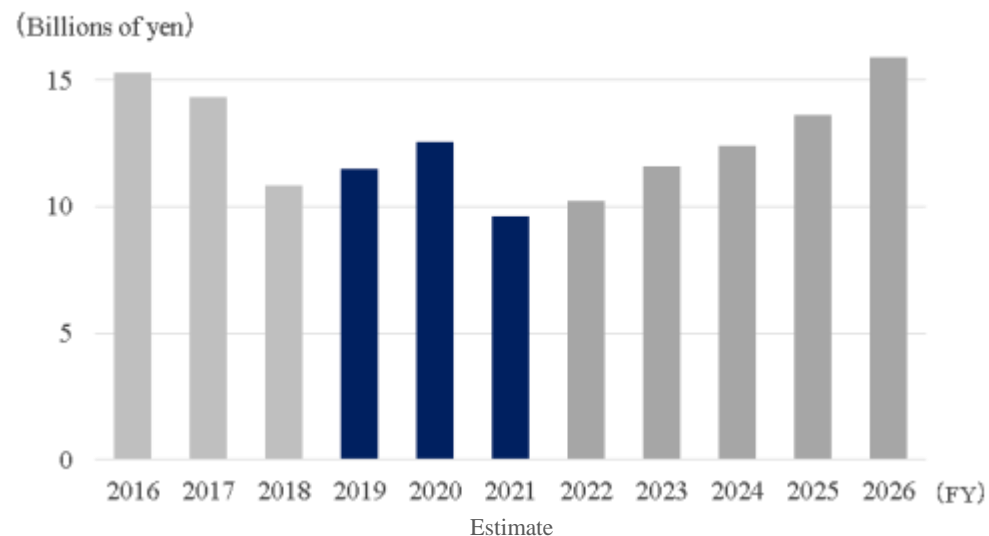
**4%**

Consolidated ROIC

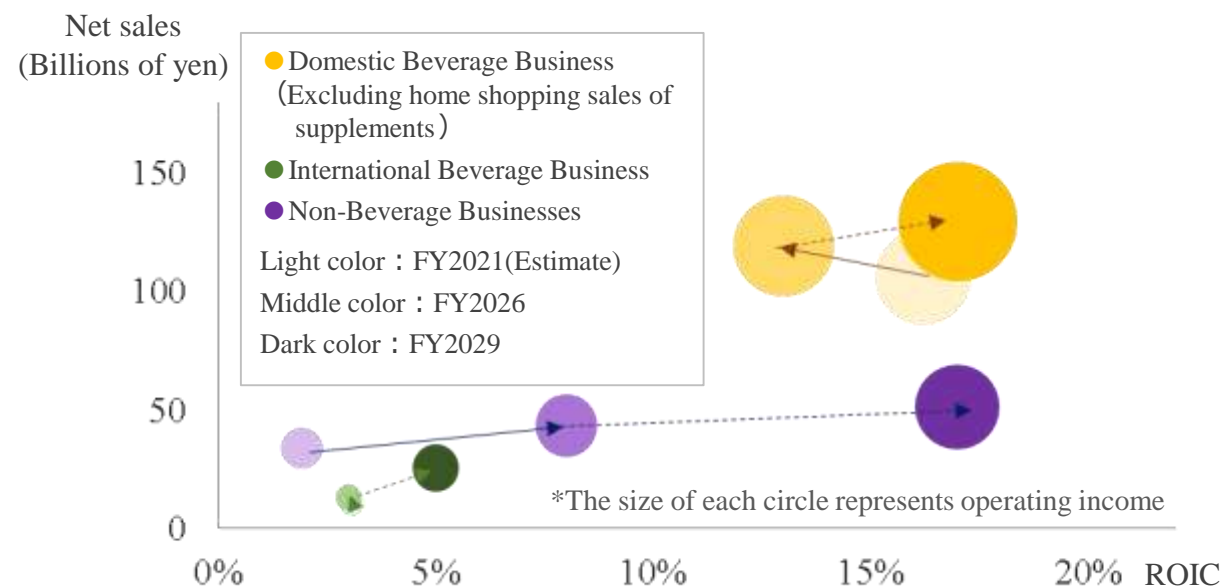
\* Invested capital is the amount put into in the business segments

**6%**

## Trends in cash flows from operating activities



## Growth image



Based on the three basic policies, we aim to expand the value we offer to achieve the goals of Group Mission 2030

## Renewing growth in the Domestic Beverage Business

- Achieving sustainable growth by evolving our business model
  - (Vending machine channel) Expand the number of vending machines and create stronger brand power for the DyDo shop concept to increase vending machine profitability
  - (Vending machine channel) Develop smart operations to reform our revenue structure and expand these to all our vending machines
  - (Distribution channel) Creating added value to establish a unique position

## Reformulating our international business strategies

- Expanding existing businesses
  - (Turkish business) Secure new water sources and increase plant facilities to expand our mineral water and export businesses
  - (Chinese business) Expand locally made products to grow sales and profits
- Reformulating our business strategies
  - Investigate business structure that enable flexible business expansion
  - Start investigating new business areas
- Cultivating global brands
  - In addition to expanding exports of products made in Japan specifically for overseas markets, develop products in cooperation with DyDo DRINCO (Domestic Beverage Business) to cultivate global brands

## Strengthening and developing non-beverage segments

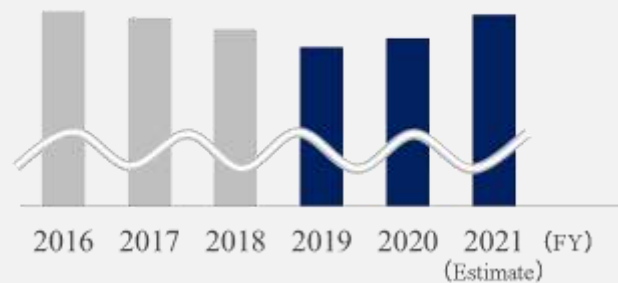
- Domestic Beverage (home shopping sales of supplements): Maximize sales of our core product “Locomo Pro” and develop another follow-on product
- Pharmaceutical-related: Raise plant utilization rates and further strengthen our quality control system
- Food: Create business opportunities in new sales channels and product categories
- Other: Develop our orphan drug business

# (1) Renewing growth in the Domestic Beverage Business/ Domestic Beverage Business

Result of the 2021 plan

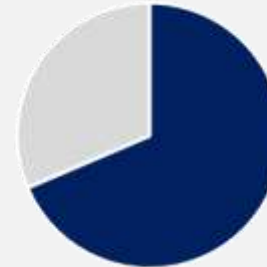
## Increased no. of vending machines (our sales base)

■ Trends in vending machine numbers



## Developed smart operations to increase productivity

■ Proportion of direct sales sites



## Improved ease of working by introducing new workstyles

- Introduction of remote working and flextime systems
- Introduction of second job system for employees/welcoming of second job applicants

### Next step

Maximizing per machine sales and the effectiveness (in terms of speed and scale) of our smart operations

the 2026 plan

## Where, and what, we want to be

In the vending machine market, we will provide new value through constantly taking on challenges and co-creating and so continue to lead the industry

## Material issues



## Strategy

- Ensure a firm competitive advantage in the vending machine market
  - Expand the number of vending machines
  - Lengthen the average service life of vending machines
  - Quickly roll out smart operations to all direct sales and to the Kyo-eikai\*
- Develop and provide delicious products for mind and body
- Investigate new business opportunities
- Develop personnel and our organization to promote business growth
- Help bring about a recycling-oriented society and reduce greenhouse gas emissions alongside growing our business

KPI	FY2026	
The number of vending machines	Compared to FY2021:	+ 5.5%
Sales per vending machine	Compared to FY2021:	+ 8%
Sales per person*	Compared to FY2021:	+ 20%

\*A vending machine operations staff

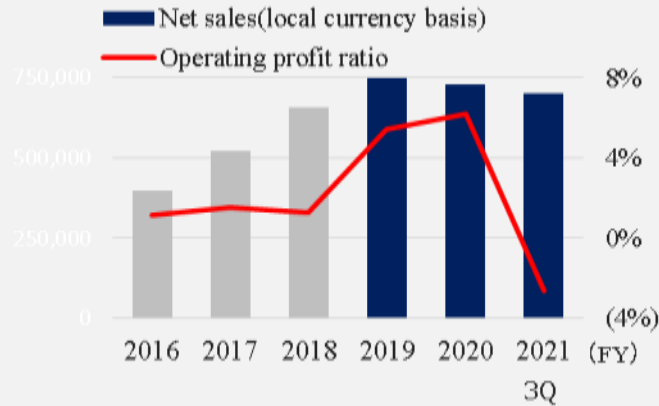
\*Vending machine operators in whom we have no capital investment relationship (in principle) and who are responsible for some DyDo vending machine operations, particularly in more rural areas

# (2) Reformulating our international business strategies/ International Beverage Business



Result of the 2021 plan

## Grew the Turkish business



## Put in place an organizational structure for the Turkish business

- Construction of an original sales network with an eye on making the Turkish business a wholly owned subsidiary, which was completed in March 2021
- Integration and new construction of manufacturing plants (3 in northern Turkey, 2 in the south)
- Establishment of export bases (UK and Russia)

## Began local production in the Chinese business

## Withdrew from the Malaysian business

### Next step

Reformulating our business model to allow us to respond to foreign exchange rate fluctuation risks and to rapid changes in consumer needs

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

We will create global brands that support the health of people all over the world

**Material issues**



**Strategy**

- Expand and stabilize the Turkish business
  - Grow sales in Turkey and abroad, particularly by expanding the mineral water business (securing new water sources and establishing new plants)
  - Strengthen our resilience against foreign exchange rate fluctuations by increasing the role of exports in our business
- Steadily grow the Chinese business
  - Expand local manufacturing to grow sales and profits
  - Raise awareness of DyDo DRINCO's health brands in the Chinese-speaking region (including Hong Kong and Taiwan)
- Develop global health brands
  - Turkey: Develop new products within Europe that meet growing demand for mineral water and health products
  - Asia: Expand sales of sugar-free tea and the "DyDo Blend Series"

KPI		FY2021	FY2026
CAGR	Turkey		11%
	China		23%
Proportion of foreign sales in the Turkish business		9%	28%

the 2026 plan

# (3) Strengthening and developing non-beverage segments / Home shopping sales of supplements (Domestic Beverage Business)



Result of the 2021 plan

Established a fixed position for our main driver, “Locomo Pro”



Maintained high growth since becoming profitable on a yearly basis in FY2018



\*As home shopping sales of supplements are currently being developed by DyDo DRINCO, they belong to the Domestic Beverage Business segment for accounting purposes.

### Next step

Maintain and expand the number of repeat customers and improve the effectiveness of our advertising in acquiring those customers

the 2026 plan

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

We will continue to provide products and services that always exceed expectations as a close partner to health-conscious customer so they can treasure fulfilling lives after retirement

### Material issues



### Strategy

- Continuously improve the acquisition rate for repeat customers and satisfaction levels
  - Improve the Group’s understanding of our customers to enhance the effectiveness of our online and offline advertising, and continue to invest appropriately in advertising
  - Strengthen our CRM measures and improve our online store to increase satisfaction levels among repeat customers
- Develop products that give consideration to materials used and overall balance
  - Develop a follow-on product after “Locomo Pro”
- Evolve our fulfillment\* capabilities based on our business strategies

\*Receiving orders, processing payments, inventory management, logistics, and other processes up to after-sales follow-up. At DyDo DRINCO these are each outsourced

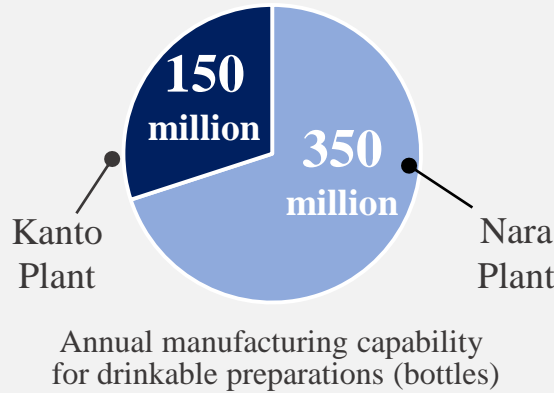
KPI	FY2026	
No. of active repeat customers	Compared to FY2021:	+ 110%



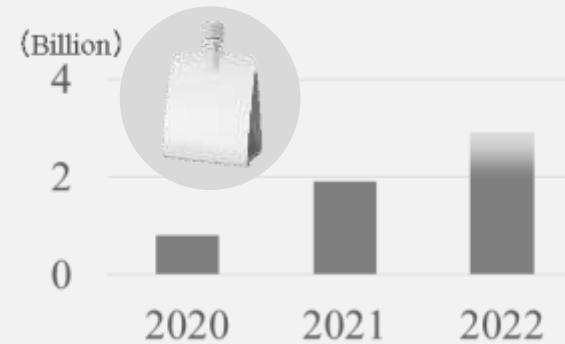
# (3) Strengthening and developing non-beverage segments / Pharmaceutical-related Business

Result of the 2021 plan

## Expanded production capabilities with the new Kanto Plant



## Constructed new assembly lines for pouch containers at Nara Plant and received steady orders



### Next step

Improve utilization rates and further strengthen the quality control system

## Where, and what, we want to be

We will be the no. 1 contract manufacturer in the health and beauty field

## Material issues



## Strategy

- Raise utilization rates at Kanto Plant and strengthen our quality control system to establish a system with which we can achieve the industry's best high-quality, but mass-produced, products
  - Strengthen sales activities to secure large-lot orders and improve utilization rates at Kanto Plant
  - Begin full-scale operations at Kanto Plant and establish an optimized production system that includes Nara Plant
- Reformulate our revenue structure
  - Review sales and development methods to raise the number and percentage of products being launched
  - Reduce costs for materials bought in, and improve cost structure for manufacturing, sales, administrative, and other expenses
- Develop personnel
  - Hire and develop personnel to strengthen the management system
  - Develop the middle management that will be responsible for opening up new specialist fields
  - Establish an evaluation system that supports taking on the challenges of creating new products and dosage forms

KPI	FY2021	FY2026
Approximate number of contracts	320 million	400 million
Utilization rates	Compared to FY2021: Improvement *	

\*The actual number isn't disclosed

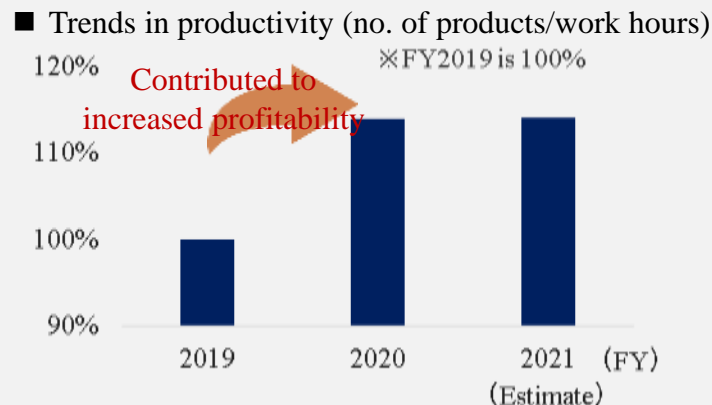
the 2026 plan

# (3) Strengthening and developing non-beverage segments /Food Business



Result of the 2021 plan

## Raised productivity at our plants



## Improved profitability by conducting a multi-faceted review of tasks and costs



## Developed new high-added-value products



### Next step

Create business opportunities in new sales channels and product categories

## Where, and what, we want to be

We will utilize our fruits and jellies to pursue great taste and health, to make people happy

## Material issues



## Strategy

- Ensure our business foundations are solid by continuously reviewing our production and supply systems
  - Raise manufacturing precision and reduce labor demands by updating equipment
  - Improve distribution efficiency to achieve stable supplies
  - Make our management of supply and demand more accurate
- Fiercely defend our top share and challenge ourselves to expand to new business sectors
  - Protect our top share of the dry jelly market by strengthening our ability to develop products
  - Acquire new sales channels by expanding into new product categories and strengthening our export business
  - Create demand in sectors related to fruits and jellies
- Develop personnel
  - Promote diverse working styles and tie that in to increased work efficiency
  - Utilize diverse personnel and support individual training

KPI	FY2021	FY2026
Units manufactured per hour	Compared to FY2021:	+15%
Product loss rate*	Compared to FY2021:	About half
Overseas sales ratio	5.8%	7.8%

\*The actual number isn't disclosed

the 2026 plan



# (3) Strengthening and developing non-beverage segments/ Orphan drug Business (Other)

Result of the 2021 plan

Acquired the rights to commercialize new drug discovery seeds in Japan



We have signed two license agreements

- DYD-701 : [LCAT-GMAC \(genetically modified human adipocyte of LCAT\)](#)
- DYD-301 : [Pharmaceutical for Treating Lambert-Eaton Myasthenic Syndrome](#)

Hired specialist personnel  
Established an organizational structure



**Next step**

Acquire license agreements for new drug discovery seeds and receive approval to manufacture and sell DYD-701 and DYD-301

the 2026 plan

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

We will produce medicines for patients suffering from orphan diseases for which there are currently no treatment options

**Material issues**



**Strategy**

- Make steady progress with developing the seeds of two new drugs (DYD-301 and DYD-701) in Japan and aim to receive approval to manufacture and sell them
- Aim to acquire license agreements in Japan for new orphan drug candidates seeds
- Establish an information-sharing systems that ensures the following for new drugs for which we have acquired manufacturing and sales approval: quality guarantees, stable supply, safety information gathering, and appropriate usage. Then we can offer them to medical institutions and patients

We aim to raise capital productivity and maintain a stable financial base

## Financial discipline

ROIC  
**> WACC**

Net cash position:  
Maintain equity ratio  
**of around 50%**

## Investment capital

5-year accumulated  
cash flows:  
**60** billion yen or more

Strategic investment for  
M&A, etc.  
Up to **2 years'** worth  
of operating cash flow

## Capital allocation

Focused reinvestment to ensure a competitive advantage in the vending machine business:

- Vending machine-related assets  
About 42 billion yen
- DX promotion (updates to core systems)  
About 4.5 billion yen
- Other equipment investment, etc.  
About 9 billion yen



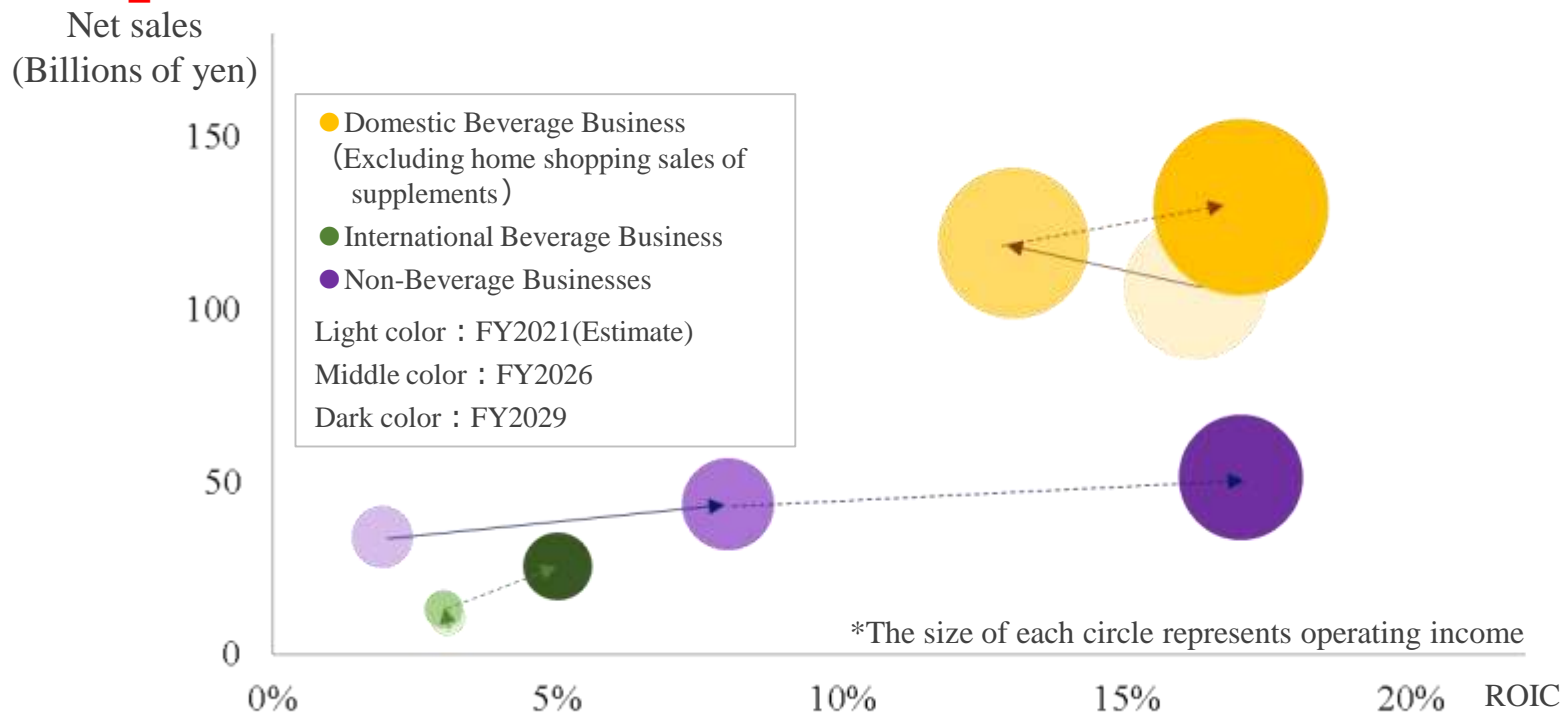
For shareholders, we aim to maintain stable dividend payouts and as performance improves, become able to raise dividends

Our strategic investment aimed at dramatic growth involves making appropriate investment decisions on a case-by-case basis

## We are laying a path back to a trajectory of renewed growth so as to progress to the Achievement Stage

- (1) By renewing growth in the Domestic Beverage Business, we are improving our ability to generate cash flows
- (2) We are rebuilding the strategies that guide our business activities overseas as we move toward the Achievement Stage
- (3) In non-beverage sectors, we are developing new businesses (like DyDo Pharma) from a long-term perspective alongside strengthening our existing businesses

### Growth image



### KPI

Sales growth rate(CAGR)  
\*Currency Neutral **+3%**

Consolidated operating profit ratio **4%**

Consolidated ROIC  
\*Invested capital is the amount put into in the business segments **6%**