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Takamatsu: Today, I would like to explain the new medium-term business plan for the start of the fiscal year starting January 21, 2022.

As the name Mid-term Business Plan 2026 indicates, this plan is a 5-year plan covering the period from the new fiscal year of 2022 to 2026. First of all, I would like to reiterate the Group Mission 2030, which was announced at the beginning of the current Mid-term Business Plan 2021. After that, I will proceed to explain the Mid-term Business Plan.

The announcement of financial results for FY2021 is scheduled for March 4, 2022. Therefore, we would like to ask for your understanding that our review of the current Mid-term Business Plan is mainly qualitative in nature.

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

<p>Together with our customers.</p> <p>With our high-quality products, we will offer our customers excitement and enhanced wellness, with distinctive delicious flavors that only DyDo can.</p>	<p>Together with society.</p> <p>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.</p>
<p>Together with the next generation.</p> <p>We will create a "DyDo Standard" for the next generation that transcends national borders and conventional frameworks.</p>	<p>Together with our people.</p> <p>We will tirelessly embrace the "DyDo Challenge" of bringing happiness to all whose lives are touched by the DyDo Group.</p>

DyDo Group Slogan

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おいしいものを。



Offering delicious products
For sound mind and body

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Now, please take a look at page 4.

Our group philosophy is 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. It expresses the spirit of coexistence and co-prosperity that we have cultivated through the growth of our business in collaboration with many stakeholders, and our commitment to continue to take on challenges in order to continue to grow in the future.

In addition, the group slogan is Offering delicious products for sound mind and body. Our mission is to provide a healthy life for all people, both physically and mentally, by promoting business based on our philosophy.

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.

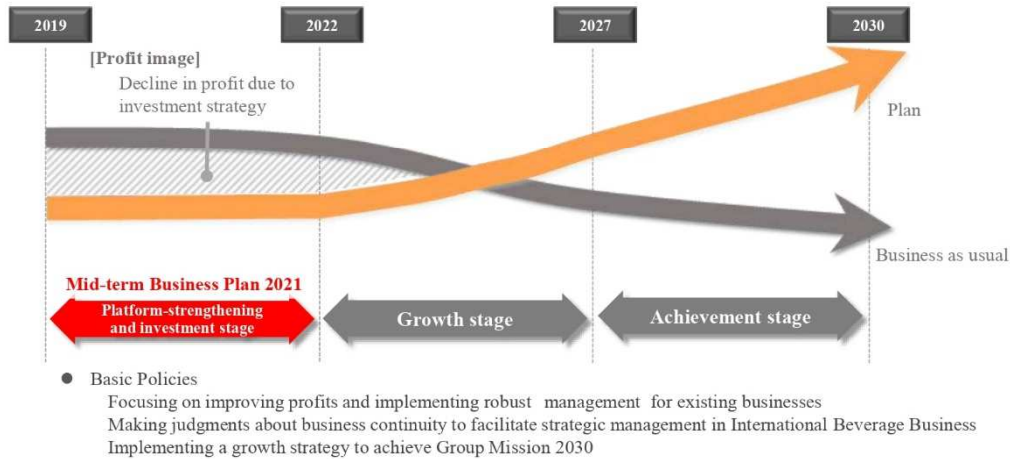


Connecting people to people

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.

At the same time as the start of the current Mid-term Business Plan, we formulated Group Mission 2030, for DyDo Group to create enjoyable, healthy lifestyles for people around the world, as an ideal of where, and what, we want to be for the near future, in order to realize the group philosophy.

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



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In order to achieve this, we have drawn up a roadmap that divides the period up to 2030 into 3 stages.

As the vending machine market, which is our core business, is expected to shrink due to a declining population and labor shortage, we anticipate a decline in profit levels in the future if we carry out business as we go. Our plan is, therefore, to invest for the future growth first, even though profitability might temporarily decline, and get on a growth path in the latter half of the period.

Until the current FY2021, as the first step in the process of strengthening the foundation and investment stage, we have been working on 3 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, and 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



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

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This slide shows the main achievements of the current Mid-term Business Plan.

In the COVID-19 pandemic, the business environment surrounding the vending machine business has changed significantly, but for us, who have been making preparations to strengthen our business foundation, we believe that we have been able to use these changes as a tailwind and make significant progress in our efforts to strengthen our competitiveness.

In addition, the supplement mail-order business is a new business launched within DyDo DRINCO in 2012, and during this Mid-term management period, we completed the recovery of the initial investment associated with the launch of the business, and it has grown into a business that earns solid profits.

Second, in our overseas business, we have been focusing on how to put our existing businesses on a growth track, rather than expanding into new areas. Unfortunately, we have made the decision to withdraw from the Malaysian business, but in Turkey, although the business has been greatly affected by the COVID-19 pandemic and the weakening of the lira, the business foundation has been steadily established, with significant growth mainly in the mineral water business.

With regard to the investment strategy, we executed capital investment to expand the contract system of DAIDO Yakuhin (pharmaceutical-related business). As for the creation of new businesses in the healthcare field, we are making steady progress in the orphan drug business, which we entered in 2019, having acquired 2 licenses. Although we did not realize any M&A projects in the healthcare field, we believe that we were able to increase the accuracy of our business evaluations and deepen our understanding of the role we should play in the healthcare field as we proceeded with the consideration of multiple investment projects.

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



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We could not post high net sales due to sluggish demand caused by the COVID-19 pandemic, as well as by the weak Turkish lira in yen terms overseas. However, we believe that we have been able to maintain a certain level of profit despite the investments we have made.

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
Innovation in the Domestic Beverage Business	<ul style="list-style-type: none"> 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 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^{*1} structure in 2022 	<ul style="list-style-type: none"> We need to continue to increase the number of vending machines and improve sales per machine, leading to a trend of increased revenues We need to continuously evolve employee tasks and expand smart operations to the Kyo-eikai^{*2} We need to respond to dramatic rises in raw material costs
Expansion of Our Business Overseas	Turkey <ul style="list-style-type: none"> We increased sales in the Turkish business, particularly for “Saka” mineral water We made our Turkish subsidiary a wholly owned subsidiary and had them establish their own sales and distribution networks 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 	<ul style="list-style-type: none"> We need to improve profitability by responding to rising expenses for raw materials and logistics We need to expand our export business to take advantage of the weakening of the lira We need to strengthen our resilience against foreign exchange rate fluctuations by increasing the role of exports in our business
	Other <ul style="list-style-type: none"> 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 We withdrew from the Malaysian market 	<ul style="list-style-type: none"> We need to roll out health and sugar-free drinks globally We reconstructed our international business strategy by learning from our past experiences
Development of a Second Major Source of Revenue in Non-Beverage Businesses	<ul style="list-style-type: none"> We achieved high growth and high profits for home shopping sales of supplements (Domestic Beverage Business) 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 We started the orphan drug business and by recruiting specialist personnel we have set up an organizational framework and successfully signed two license agreements 	<ul style="list-style-type: none"> We need to contribute to overall Group profits by expanding home shopping supplements sales 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) We need to cultivate the orphan drug business by taking a long-term perspective

*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

Next, this section describes in detail the progress made in accordance with the 3 basic policies of the Group Mission 2030, as well as the achievements and challenges over the past 3 years.

The most significant achievement of the past 3 years has been the progress we have made in our efforts to establish our superiority in the industry by reforming our vending machine business, and the path we should take has become clearer.

As a result of the COVID-19 pandemic, the environment surrounding the vending machine business has changed drastically, and the attitude of our competitors toward vending machines has also changed slightly. However, we have been working on the reform with the belief that this is what we should do.

Although business activities were temporarily restricted to prevent the spread of infection, maintaining the vending machine operations gave us a strong sense of the mission that vending machines are the infrastructure of the community. In the sales of new vending machine installations, we have been able to improve the quality of our sales activities, including the establishment of an inside sales team, and we believe that we have been able to continue aggressive sales development without ever decreasing the volume of our activities, even though face-to-face sales activities have been limited.

Because we had a clear idea of what we needed to do, we were able to keep moving in the right direction. I believe this is the result of our efforts. Going forward, we will work to improve our per-machine operations as well as focus on the strong re-growth of our Domestic Beverage Business as our top priority.

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

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

The COVID-19 pandemic changed the way we work and our attitude toward it. We were one of the first companies to introduce telecommuting and flextime systems, and we have established them as a permanent system rather than a temporary one.

In addition, we continue to actively recruit mid-career workers in order to promote new businesses and revitalize existing businesses. We would like to increase employee engagement by ensuring that our diverse workforce is capable of realizing our company's philosophy, by instilling our philosophy in them, and by guiding them to meet the philosophy.

In addition, countries around the world have been making steady progress toward achieving the common goal of a sustainable global environment, and the awareness and interest of society and people have been steadily increasing.

The DyDo Group has also formulated the DyDo Group SDGs Declaration, and is first of all taking steps to raise employee awareness. By taking the initiative in implementing initiatives, we will lead to awareness and behavioral changes among consumers, business partners, and other stakeholders, which will lead to social change. We hope to be a group that leads such social change.

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

Next, I would like to talk about our perceptions of the changes that have occurred over the past 3 years and the changes that may occur in the future.

Needless to say, the business environment has changed dramatically due to the COVID-19 pandemic. I think the most important change is that awareness of sustainability is increasing among global citizens, at least at the national level in developed countries. In order for companies to continue and grow their business, it is becoming more and more necessary for them to talk about their strategies as well as the sustainability of society as a whole.

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**

In the future, it is expected that demand for products that contribute to one's health and are friendly to the environment and the earth will grow, and values will further diversify, creating new needs. We would like to see these changes in the environment and consumer behavior as business opportunities for growth.

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

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In this context, we have identified material issues, a new set of management issues of high importance to us, from the perspective of what we must do specifically to realize the Group Mission 2030.

Since our inception, we have grown our business through partnerships with our business partners, location owners, and other stakeholders. In this spirit of co-existence and co-prosperity, we believe that we have been able to continue to grow since our establishment because we have been able to provide value that is close to our customers, delivering what they are looking for in a place close to them.

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.



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The 8 material issues have been defined as the most important management issues to achieve our ideal state in 2030 and sustainable growth.

We need a functioning governance and the strength of our human resources to support the organizational infrastructure. In addition, we are naturally required to promote DX, contribute to a decarbonized and recycling-oriented society, and provide safety and security. Based on this, we believe that the source of growth will be the evolution of the vending machine business that is close to our customers, the provision of products that are delicious to the mind and body, and the continued provision of prescription drugs as the value that the Group provides to society.

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 CO₂ 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 CO₂ 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

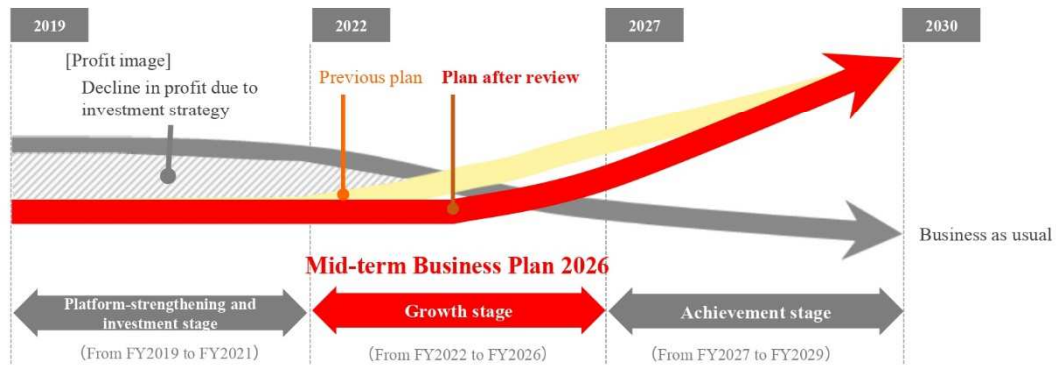
In order to identify those material issues and further incorporate the perspective of sustainability into our business activities, we have set a new CO₂ emission reduction target for the Group as a non-financial KPI for creating environmental value.

We will continue to lead the industry in our efforts to achieve carbon neutrality by 2050 in the vending machine business, which is our core business. As a financial KPI for economic value creation, we have set a new consolidated ROIC of 8% or higher.

Toward the year 2030, the DyDo Group will enhance its social, environmental, and economic value, and contribute to the realization of a sustainable society where people around the world can live happy and healthy lives.

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



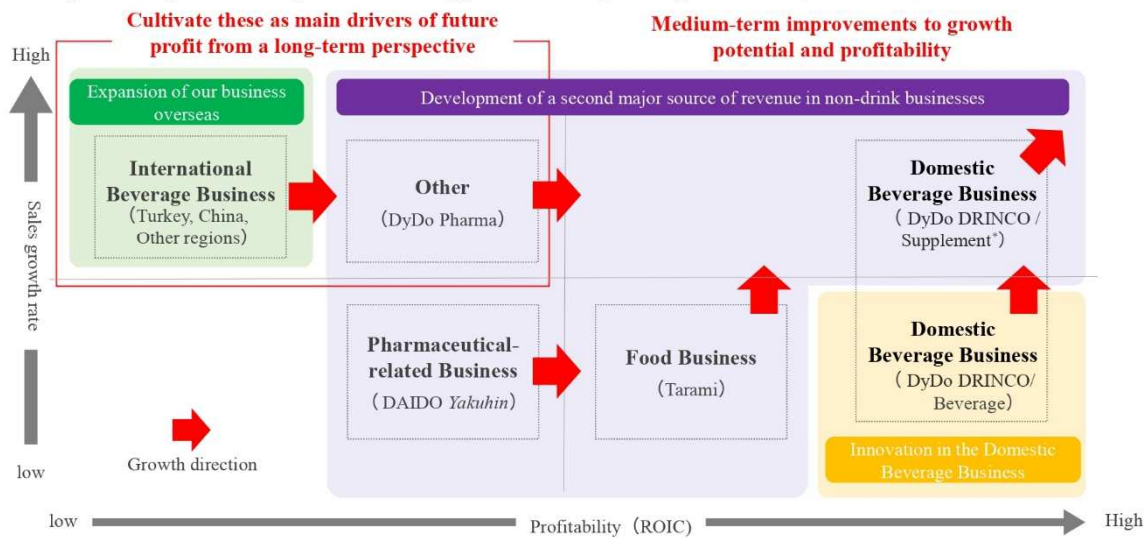
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Now, on January 20, the current Mid-term Business Plan will end and we will enter the next Mid-term Business Plan, the growth stage. We have positioned the new stage as a stage for business development from a long-term perspective while focusing on the re-growth of the Domestic Beverage Business, and have set a 5-year period. The impact of the COVID-19 pandemic on our business, as well as the recent surge in raw material prices, has led to an increase in costs, which has been a downward pressure on profits. On the other hand, we will continue to make investments that will promote stronger growth as we make steady progress in our efforts to re-grow our Domestic Beverage Business.

As a result, the timing of the rise in profit growth is expected to be slightly delayed from the timing initially envisioned, but we are determined to secure the path to renewed growth and link it to the next stage of rapid progress.

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.

This slide shows our current business portfolio and the direction of our growth.

We have color-coded each of the following 3 themes: innovation in the Domestic Beverage Business, expansion of Overseas Business development, and building a second pillar in the non-beverage business, to distinguish between businesses that should improve growth and profitability in the medium term and businesses that should be nurtured from a long-term perspective for the future. The vertical axis shows the Company's sales growth potential, and the horizontal axis shows the Company's profitability.

In the Domestic Beverage Business, which is located in the lower right corner of this portfolio, the vending machine market, which is the main battleground, continues to shrink, and the trend toward oligopoly by top manufacturers is expected to accelerate in the future. We are confident that through our efforts over the past 3 years, we will be able to demonstrate our strength in the vending machine market and continue to make our presence felt as a top runner in the industry. We believe that re-growing this business, which is highly profitable and is the cash cow of the Group, is the most important pillar of the new Mid-term Business Plan.

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

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As the path to re-growth of the Domestic Beverage Business and businesses to be invested and nurtured become clearer, what we must do above all is to strengthen our earning power. We have changed the KPI from operating margin to ROIC in order to make each and every employee aware of asset efficiency and to build a strong organization.

We have set the final target figures for the growth stage, Mid-term Business Plan 2026, and the achievement stage, respectively, to enhance the earning power of the entire DyDo Group.



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

Next, let's look at measures to address our material issues Here is a brief introduction to the foundation. The first is corporate governance, which is the most important aspect of the organizational foundation.

We will promote each employee's understanding of the Group's philosophy, which is the raison d'etre of the DyDo Group, as well as the newly formulated material issues, and further instill the values represented by the DyDo Group philosophy. In addition, we will continue to strengthen our business management with an emphasis on capital efficiency based on ROIC, as well as strengthen our governance system as a group.



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 also believe that it is important for each and every employee to embody a joyful and physically and mentally healthy lifestyle in order to realize our group philosophy and Group Mission 2030.

We aim to increase the engagement of the Group's employees by securing and developing the human resources who will lead the next generation, developing systems and environments that enable diverse human resources to work and play actively regardless of nationality, age, gender, or career, and fostering a corporate culture that encourages further challenges in order to remain a strong organization.



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

Next, it is also essential to link the rapidly advancing digitalization to the growth of the Company with a sense of speed.

In the Mid-term Business Plan 2026, we will build and introduce the next core system, which is expected to support new businesses and operations, strengthen IT infrastructure, such as networks and information security, reform existing operations using digital technology, and promote DX.

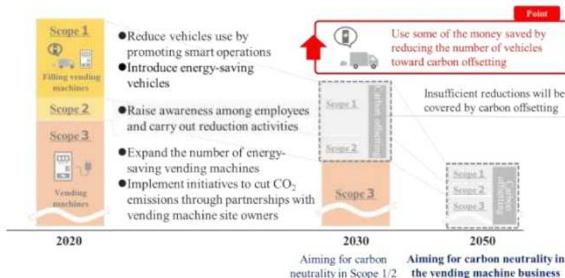
The Group's goal of DX is not limited to initiatives in the digital and IT sectors, but also includes initiatives in each of the Group's business domains, in which each company and each sector proactively transforms its business practices and processes. In the course of these efforts, we would like to incorporate digital technology, the latest knowledge and ideas to transform existing businesses and create new businesses.



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 CO₂ emission reduction targets
- Priority goal for recycling-oriented society

Reduction of direct emissions by the vending machine business



<p>Empty-container collection rate To achieve 100% by 2030</p>	<p>Sustainable* plastic containers To make more than 60% by 2030</p>	<p>Service life extension of vending machines To achieve an average service life of 15 years by 2030</p>
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* Priority environmental targets announced in November 2020

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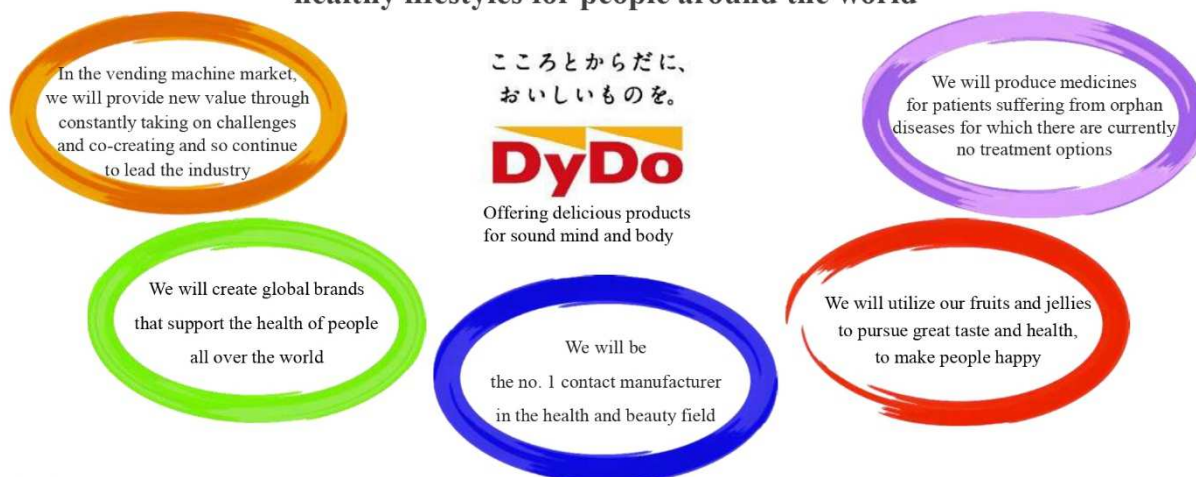
Lastly, I would like to talk about our contribution to a decarbonized and recycling-oriented society.

As I mentioned earlier about our goal of becoming carbon neutral by 2050 in the vending machine business, we will aim to achieve Scope 1 and 2 carbon neutrality by 2030 in the Domestic Beverage business with regard to CO₂ emissions. Other major subsidiaries of the Group in Japan will aim for a 50% reduction. For more details on our initiatives in the Domestic Beverage business, please refer to the release issued today.

In addition, DyDo DRINCO has set 3 goals as priority issues for the realization of a recycling-oriented society in 2020. In addition to promoting our own initiatives, we will also aim to change the behavior of our stakeholders, including our business partners, by raising the awareness and actions of each and every employee. At the same time, we also announced our endorsement of TCFD today. As a global citizen, we will continue to fulfill the responsibilities that only a corporation can fulfill.

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



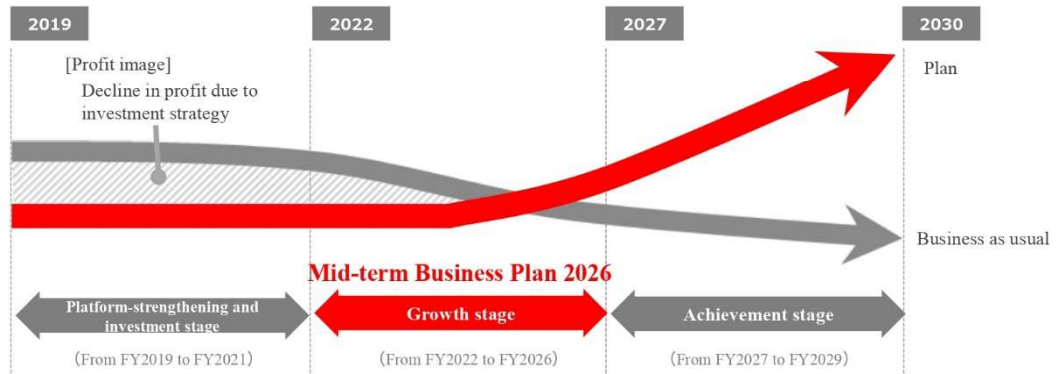
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In 2030, the DyDo Group will evolve into a corporate group that creates enjoyable and healthy lives for people around the world by creating value for each of its businesses.

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



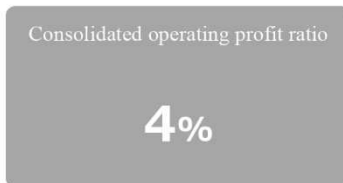
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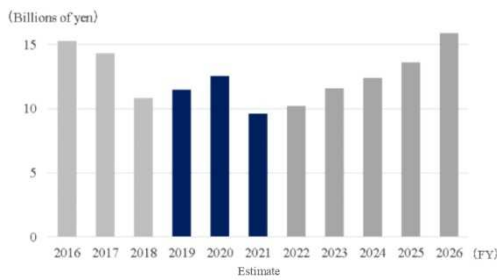
I will now briefly talk about the Mid-term Business Plan 2026, including strategies for each segment.

In the new Mid-term Business Plan, we have set basic policies in line with the 3 policies of the Group Mission 2030. The policies are renewing growth in the Domestic Beverage business, reformulating our international business strategy, and strengthening and developing non-beverage segments. By promoting these 3 policies, we will put the Company on a strong growth trajectory so that it can make a great leap forward in the next stage.

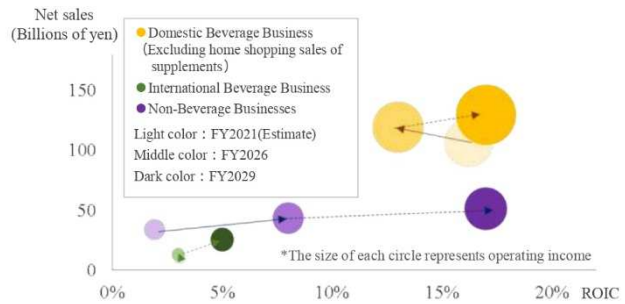
We aim to recover our ability to generate cash flows in the vending machine business and invest in, and develop, the healthcare sector



Trends in cash flows from operating activities



Growth image



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As management indicators to measure our progress in these policies, we have decided to set sales growth rate, consolidated operating profit ratio, and consolidated ROIC.

As the depreciation and amortization will increased along with the increasing investments, the period will not see a large profit growth. However, as you can see on the bottom left, we will steadily increase cash flow and strengthen our earning power.

An image of growth is shown in the lower right corner. The vertical axis shows net sales and the horizontal axis shows ROIC, with the size of the circle indicating the absolute amount of operating profit.

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

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We believe that the most important specific strategy based on the basic policies is to ensure the re-growth of the Domestic Beverage Business.

As specific measures in the Mid-term Business Plan 2026, in the vending machine channel, we will further strengthen our sales capabilities by utilizing inside sales and increase the number of vending machines in operation. And we will work to transform our profit structure by quickly establishing a smart operation system, and establish a firm advantage in the vending machine market.

In addition, in order to develop and provide products that are good for the body and soul, we will implement measures to increase the appeal of vending machines, such as promoting cashless payment and creating a brand for DyDo vending machines as stores.

As for overseas, we will strive to develop a global brand that people will recall as a healthy brand when they think of DyDo, not to mention growth in each of our bases.

And we believe that it is important for us to have a revenue base outside the beverage business in order to achieve sustainable growth in the future. In order to achieve this goal, we will continue to strengthen and develop our non-beverage healthcare and food businesses.

(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

2016 2017 2018 2019 2020 2021 (FY)
(Estimate)

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 Kyoaikai*
- 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

*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

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

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I will now explain each segment. As I have already touched on the direction of the strategy, I will focus on supplementary explanations on the concept and KPIs.

First of all, in the process of identifying the material issues of the Group, we have defined the ideal state and material issues of each business, and have set strategies and KPIs associated with them.

First of all, in the Domestic Beverage Business, we have set our vision as shown here: 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. As KPIs, we have set targets for the number of vending machines that generate sales and sales per machine. In addition, to reduce environmental impact, we have set sales per operation staff as an indicator for productivity improvement.

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



Result of the 2021 plan

Grew the Turkish business

Year	Net sales (local currency basis)	Operating profit ratio
2016	~100,000	~2%
2017	~120,000	~2%
2018	~140,000	~2%
2019	~160,000	~4%
2020	~180,000	~4%
2021 (3Q)	~190,000	~2%

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

the 2026 plan

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%

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Next is the Overseas Business.

Overseas, we currently need to pass the increased raw material costs caused by the weak lira on the selling prices in order to improve profitability. However, in the medium to long term, we would like to build a strong business model that enables us to naturally hedge foreign exchange risks within the Turkish business as well as to grow the top line by expanding the export business, where the weak lira is a tailwind.

In addition to measuring the growth rate for each area, the KPIs include the proportion of foreign sales, which is an important strategy in Turkey, in the Turkish business. In addition, we would like to create a global brand that supports the health of people around the world, as stated as, where, and what, we want to be, while leveraging our large existing base in Turkey and China.

(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

(Billions of yen)

Fiscal Year	Net sales (Billions of yen)
2018	~1.8
2019	~2.5
2020	~3.2
2021 (FY Forecast)	~4.0

CAGR (3years) **28%**

*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

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

Pursue quality for products that offer safety and peace of mind

Deliver products that are delicious for mind and body

Contribute to a decarbonized, recycling-oriented society

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%

the 2026 plan

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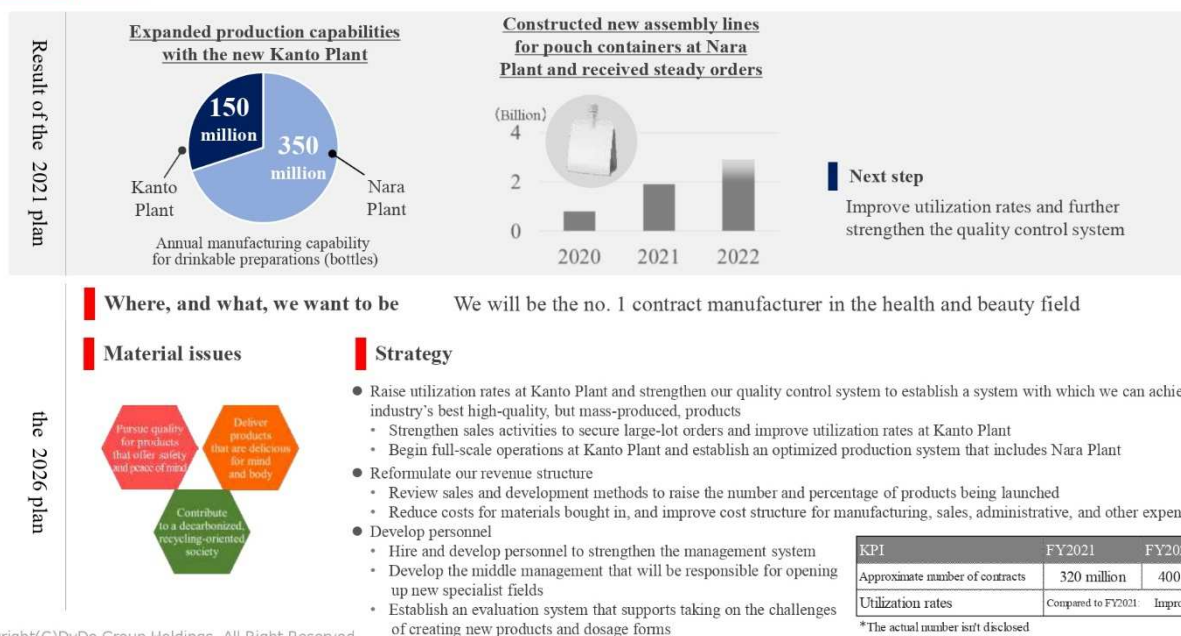
From the next slide, I will explain the non-beverage area. First of all, I would like to talk about DyDo DRINCO's home shopping sales of supplements.

Although this business is currently included in the Domestic Beverage Business, we have set separate strategies and targets for this business because it is of a reasonable size and the business structure is different from the beverage business.

Although sales of Locomo Pro, the mainstay of this business, are steadily increasing every fiscal year, we believe that there is still room for growth compared to other companies' supplements with strong sales. As a partner that accompanies the irreplaceable second lives of people who care about health care, we will continue to provide products and services that exceed expectations.

In the process of aiming for further sales growth, we would like to increase the number of regular customers, make them loyal to DyDo as fans, and develop a second pillar product following Locomo Pro.

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

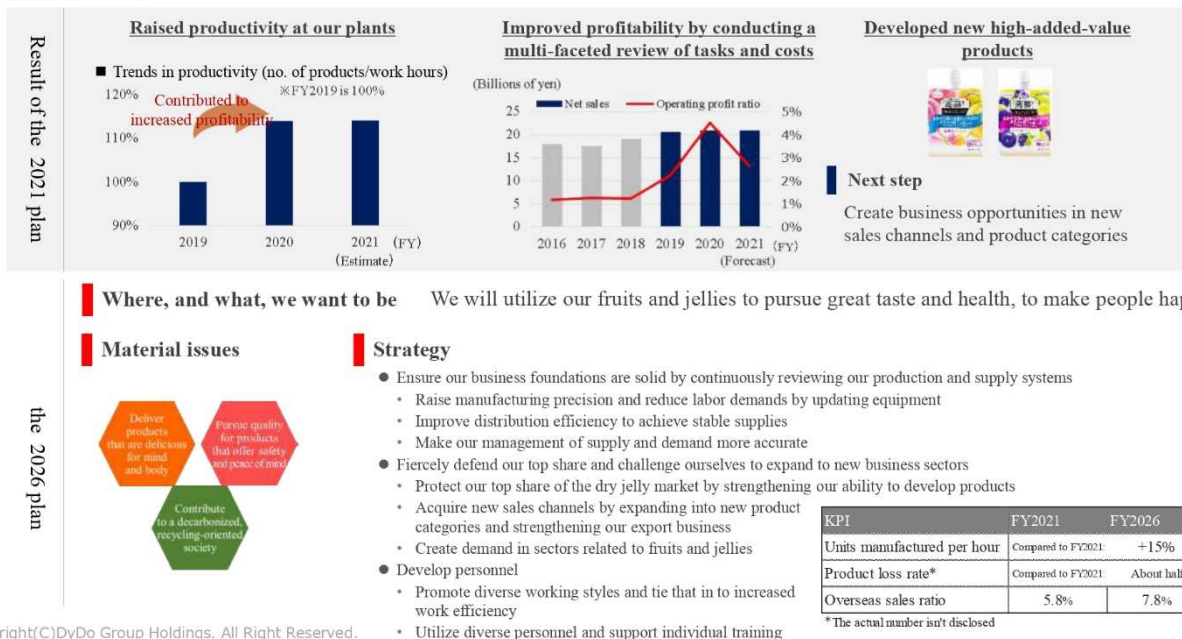


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Next, I would like to talk about the Pharmaceutical-related Business.

Although we do not have official statistical data, we believe that Daido Yakuhin is in the top position as a contract manufacturer of pharmaceutical and quasi-drug drinks. We believe that we are able to achieve this because of our high production capacity and the high level of trust we have received from domestic pharmaceutical and cosmetic manufacturers regarding the quality of our products.

However, with the establishment of the Kanto Plant, we still have a lot of capacity left. We will increase the number of orders we receive and the utilization rate by capturing the needs of major manufacturers for BCP measures and large-lot orders that arise as they downsize their own manufacturing operations. While it is a contract manufacturer, it also focuses on its own development and can make proposals to manufacturers, which is one of Daido Yakuhin's strengths. In the future, we will continue to explore new materials and new formulations, and contribute to the launch of new products by contract manufacturers, thereby solidifying our position as the number 1 contract manufacturer in the health and beauty field.



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Next is Tarami, which is responsible for the Food Business.

Over the past 3 years, it has been able to increase sales and expand its market share even as the jelly market shrank, solidifying its position as a top manufacturer and improving its profit margin, which had been an issue. On the other hand, the intensification of competition across business categories due to the diversification of the dessert market and the large seasonal fluctuations in sales still remain as challenges.

We will continue to strive to improve productivity by decreasing the product loss rate and increasing the number of products manufactured, while at the same time, we will develop new business areas and expand new sales channels in new categories and overseas export business, by utilizing the excellent fruit and jelly processing technology we have cultivated to date.

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



Result of the 2021 plan	<p><u>Acquired the rights to commercialize new drug discovery seeds in Japan</u></p> <p> We have signed two license agreements</p> <p>DYD-701 : LCAT-GMAC (genetically modified human adipocyte of LCAT) DYD-301 : Pharmaceutical for Treating Lambert-Eaton Myasthenic Syndrome</p>	<p><u>Hired specialist personnel</u> <u>Established an organizational structure</u></p> <p></p>	<p>Next step Acquire license agreements for new drug discovery seeds and receive approval to manufacture and sell DYD-701 and DYD-301</p>
the 2026 plan	<p>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</p> <p>Material issues</p> <p></p>	<p>Strategy</p> <ul style="list-style-type: none"> ● 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 	

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Finally, I will talk about the Orphan Drug Business.

Since the establishment of DyDo Pharma, Inc. in 2019, it has been making steady progress as a company in the prescription drug business, including the hiring of professional personnel, the development of our organization, and the acquisition of a licensing agreement in 2021.

The business will begin to contribute to profit from the next achievement stage at the earliest. However, we will continue to nurture this business from a long-term perspective, based on our mission to provide new drugs with high social significance and treatments for patients suffering from rare diseases for which there are no treatment options.

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

Financial discipline	Investment capital	Capital allocation
<p><u>ROIC</u></p> <p>> WACC</p>	<p><u>5-year accumulated cash flows:</u></p> <p>60 billion yen or more</p>	<p>Focused reinvestment to ensure a competitive advantage in the vending machine business:</p> <ul style="list-style-type: none"> 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 <p>For shareholders, we aim to maintain stable dividend payouts and as performance improves, become able to raise dividends</p>
<p><u>Net cash position:</u></p> <p>Maintain equity ratio</p> <p>of around 50%</p>	<p><u>Strategic investment for M&A, etc.</u></p> <p>Up to 2 years' worth of operating cash flow</p>	<p>Our strategic investment aimed at dramatic growth involves making appropriate investment decisions on a case-by-case basis</p>

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Lastly, I would like to talk about financial discipline and fund allocation in executing investment strategies.

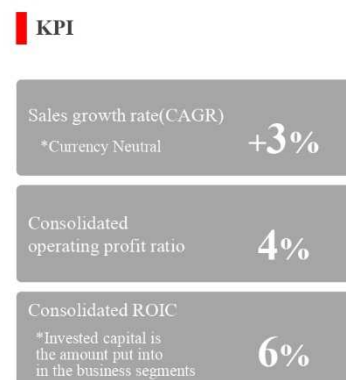
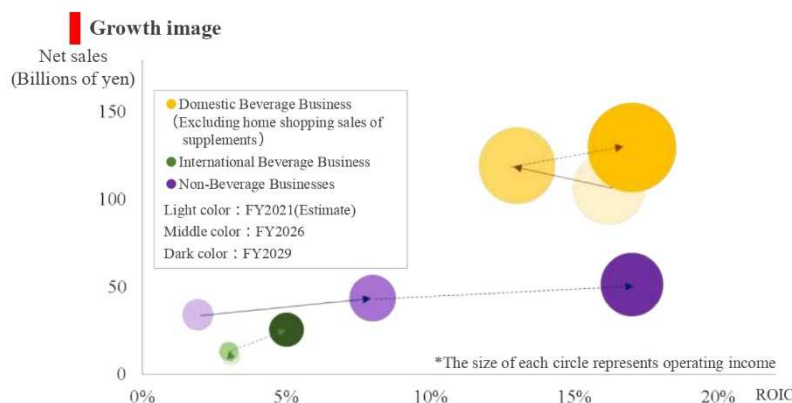
This time, we have added consolidated ROIC as a new management indicator, and it is our natural responsibility to ensure that the level of ROIC is higher than WACC. In addition, we expect to generate more than JPY60 billion in cumulative cash flow over the next 5 years, which we plan to continue to allocate mainly to investments in vending machine-related assets to ensure the renewed growth of our Domestic Beverage business.

In the current Mid-term Business Plan, M&A was one of the strategies to achieve growth in the healthcare field, but in the future, we will use 2 years of operating cash flow as a strategic investment limit to seek new growth opportunities, not only in the healthcare field but also in overseas expansion, and make appropriate decisions for each individual project. Please understand that this amount is not included as a premise for sales in the Mid-term Business Plan.

Finally, with regard to shareholder returns, we will continue to maintain our policy of stable dividends, but we will aim to shift to a trend of increasing dividends as our business performance progresses.

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



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As I have explained above, in this growth stage, we will improve the ability to generate cash flow, especially in the Domestic Beverage business, and restructure our overseas strategy. In the non-beverage area, we will strengthen our existing businesses, such as the Food business and the Pharmaceutical-related business, which is engaged in the contract business, as well as develop the mail-order supplement business and the orphan drug business. We will nurture these businesses so that they will lead us to the next stage of achievement in 2027.

Please look forward to the DyDo Group in the future. Thank you for your attention.

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