



# **FY2024 (Year Ending January 20, 2025) 2nd Quarter Financial Highlights**

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**DyDo Group Holdings, Inc.**

**(Prime Market of the Tokyo Stock Exchange: 2590)**

**August 27, 2024**

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## Consolidated Results of the Second Quarter of Fiscal 2024

**Net Sales Grew 15.6% to 117.5 Billion Yen**

**Operating Profit Decreased 8.2% to 2.3 Billion Yen**

**Net sales increased significantly due to a breakthrough in the Turkish Beverage Business and the addition of a Polish subsidiary**

**Operating profit decreased due to increased costs, including advertising investments for the Home Shopping Sales of Supplements**

**The International Beverage Business, driving the group's performance, and the Non-Beverage Business are partially offsetting the decline of the Domestic Beverage Business**

## Consolidated Full-year Performance Forecasts of Fiscal 2024

**Net Sales are Expected to Grow 12.5% to 240.0 Billion Yen**

**Operating Profit is Expected to Increase 17.9% to 4.4 Billion Yen**

**Consolidated net sales and operating profits are expected to increase, driven by strong performance in our International Beverage Business and improved profitability in our Food Business**

**Sales in our main Domestic Beverage Business are expected to decrease due to lower vending machine sales and higher advertising costs for supplements. In the second half of the year, sales volume is expected to increase by adding more vending machines and lowering prices to meet customer needs**



# 01 **FY2024 (Year Ending January 20, 2025) 2nd Quarter Financial Highlights**

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# FY2024 2nd Quarter Consolidated Results



**Net sales increased significantly due to a breakthrough in the Turkish Beverage Business and the addition of a Polish subsidiary**  
**Operating profit decreased due to increased costs, including advertising investments for the Home Shopping Sales of Supplements**  
**Profit attributable to owners of parent improved significantly due to the sale of a portion of investment securities**

Millions of yen

	2nd quarter (1/21~7/20)							
	FY2023		FY2024				(Ref) Before application of hyperinflation accounting	
		Composition ratio		Composition ratio	% (YoY)	Amount (YoY)		Impact on performance
Net sales	101,746	100.0%	<b>117,578</b>	100.0%	15.6%	15,832	116,108	1,469
Operating profit	2,527	2.5%	<b>2,319</b>	2.0%	(8.2%)	(208)	2,940	(620)
Ordinary profit	1,773	1.7%	<b>1,396</b>	1.2%	(21.3%)	(377)	2,419	(1,023)
Profit attributable to owners of parent	2,343	2.3%	<b>4,905</b>	4.2%	109.3%	2,561	5,625	(719)
EPS*	74.64yen		<b>155.70yen</b>			81.06yen		

\*The Company carried out a two-for-one share split of its ordinary shares on 21 January 2024. Earnings per share has been calculated as if the stock split had taken place at the beginning of the previous fiscal year.

# FY2024 2nd Quarter Consolidated Results by Segments



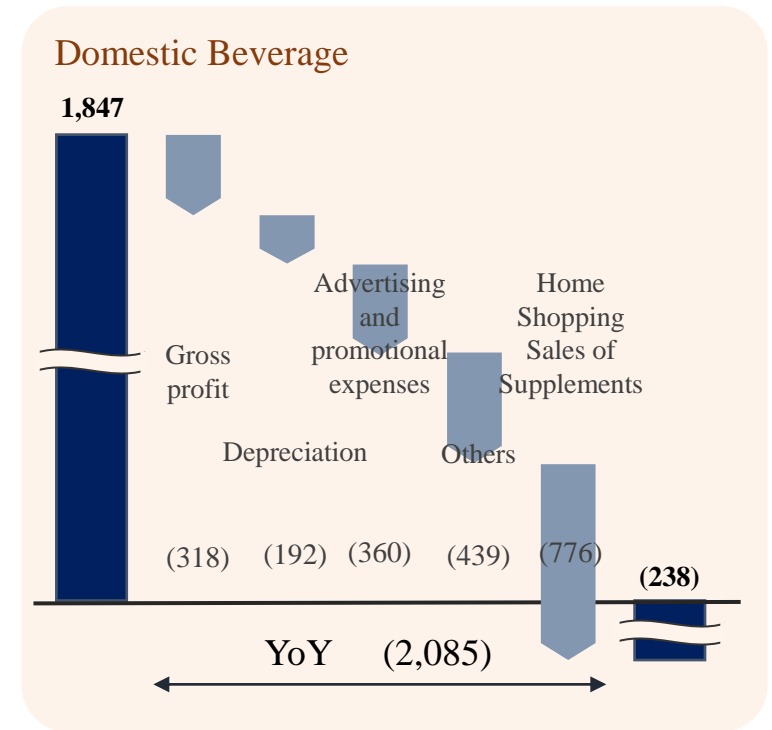
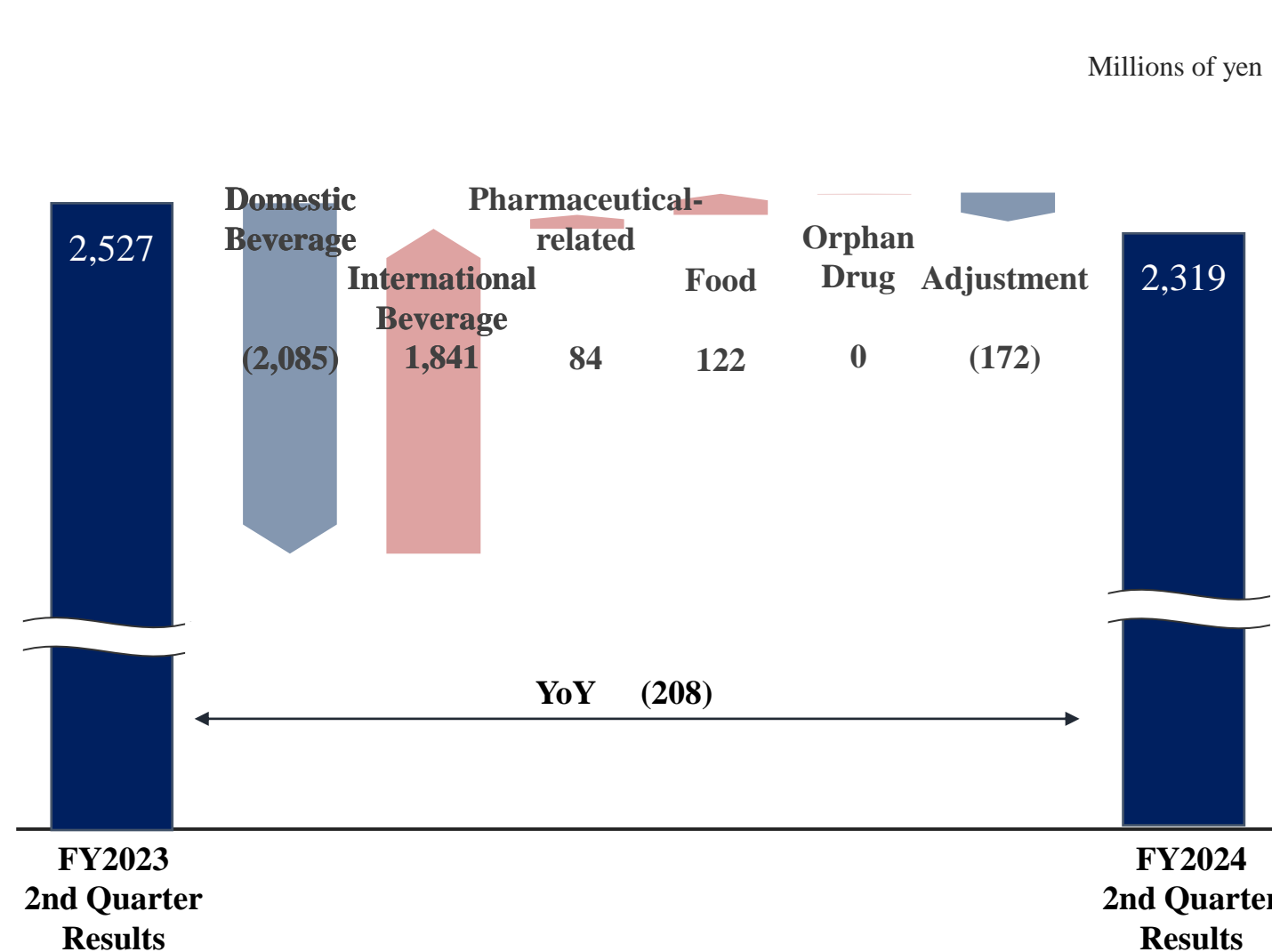
Domestic Beverage Business performed poorly due to a drop in beverage sales and increased advertising costs for supplement sales  
International Beverage Business was very strong. This was due to a breakthrough in the Turkish Beverage Business and the positive impact of adding a Polish subsidiary

Millions of yen

	2nd quarter (1/21~7/20)							
	Hyperinflation accounting				Before application of hyperinflation accounting			
	FY2023	FY2024		Amount	FY2023	FY2024		Amount
		% (YoY)				% (YoY)		
Domestic Beverage Business	74,253	<b>73,009</b>	(1.7%)	(1,243)	74,253	<b>73,009</b>	(1.7%)	(1,243)
International Beverage Business	10,459	<b>26,757</b>	155.8%	16,298	11,842	<b>25,287</b>	113.5%	13,445
Pharmaceutical-related Business	6,386	<b>6,872</b>	7.6%	485	6,386	<b>6,872</b>	7.6%	485
Food Business	10,850	<b>11,106</b>	2.4%	255	10,850	<b>11,106</b>	2.4%	255
Orphan Drug Business	—	—	—	—	—	—	—	—
Adjustment	(204)	<b>(167)</b>	—	36	(204)	<b>(167)</b>	—	36
Total net sales	101,746	<b>117,578</b>	15.6%	15,832	103,129	<b>116,108</b>	12.6%	12,979
Domestic Beverage Business	1,847	<b>(238)</b>	—	(2,085)	1,847	<b>(238)</b>	—	(2,085)
International Beverage Business	462	<b>2,303</b>	398.6%	1,841	992	<b>2,924</b>	194.7%	1,932
Pharmaceutical-related Business	239	<b>324</b>	35.3%	84	239	<b>324</b>	35.3%	84
Food Business	776	<b>899</b>	15.8%	122	776	<b>899</b>	15.8%	122
Orphan Drug Business	(296)	<b>(295)</b>	—	0	(296)	<b>(295)</b>	—	0
Adjustment	(502)	<b>(674)</b>	—	(172)	(502)	<b>(674)</b>	—	(172)
Total operating profit	2,527	<b>2,319</b>	(8.2%)	(208)	3,057	<b>2,940</b>	(3.8%)	(117)

# Factors Affecting FY2024 2nd Quarter Operating Profit Compared to the Previous Year

Lower Domestic Beverage profit was partly offset by strong performance in other businesses



\*Gross profit, Depreciation, and Advertising and promotion expenses do not include the results of the three former subsidiaries of Asahi Soft Drinks. They are included in Others along with other cost increases.



## **02** **FY2024 Consolidated Full-year Performance Forecasts**

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# FY2024 Full-year Performance Forecasts



Sales and operating profit are expected to increase due to strong performance in International Beverage Business  
 Ordinary profit is expected to decrease due to foreign exchange losses from the weak lira. However, net profit attributable to parent is expected to increase due to a gain on sale of investment securities in the first quarter

Millions of yen

	Full year							
	FY2023		FY2024 (Forecasts)				(Ref) Before application of hyperinflation accounting	
		Composition ratio		Composition ratio	% (YoY)	Amount (YoY)		Impact on performance
Net sales	213,370	100.0%	<b>240,000</b>	100.0%	12.5%	26,629	236,500	3,500
Operating profit	3,732	1.7%	<b>4,400</b>	1.8%	17.9%	667	6,100	(1,700)
Ordinary profit	3,115	1.5%	<b>2,600</b>	1.1%	(16.5%)	(515)	4,700	(2,100)
Profit attributable to owners of parent	4,423	2.1%	<b>4,900</b>	2.0%	10.8%	476	6,700	(1,800)
EPS	140.77yen		<b>155.48yen</b>			14.71yen		

# FY2024 Full-year Performance Forecasts by Segments



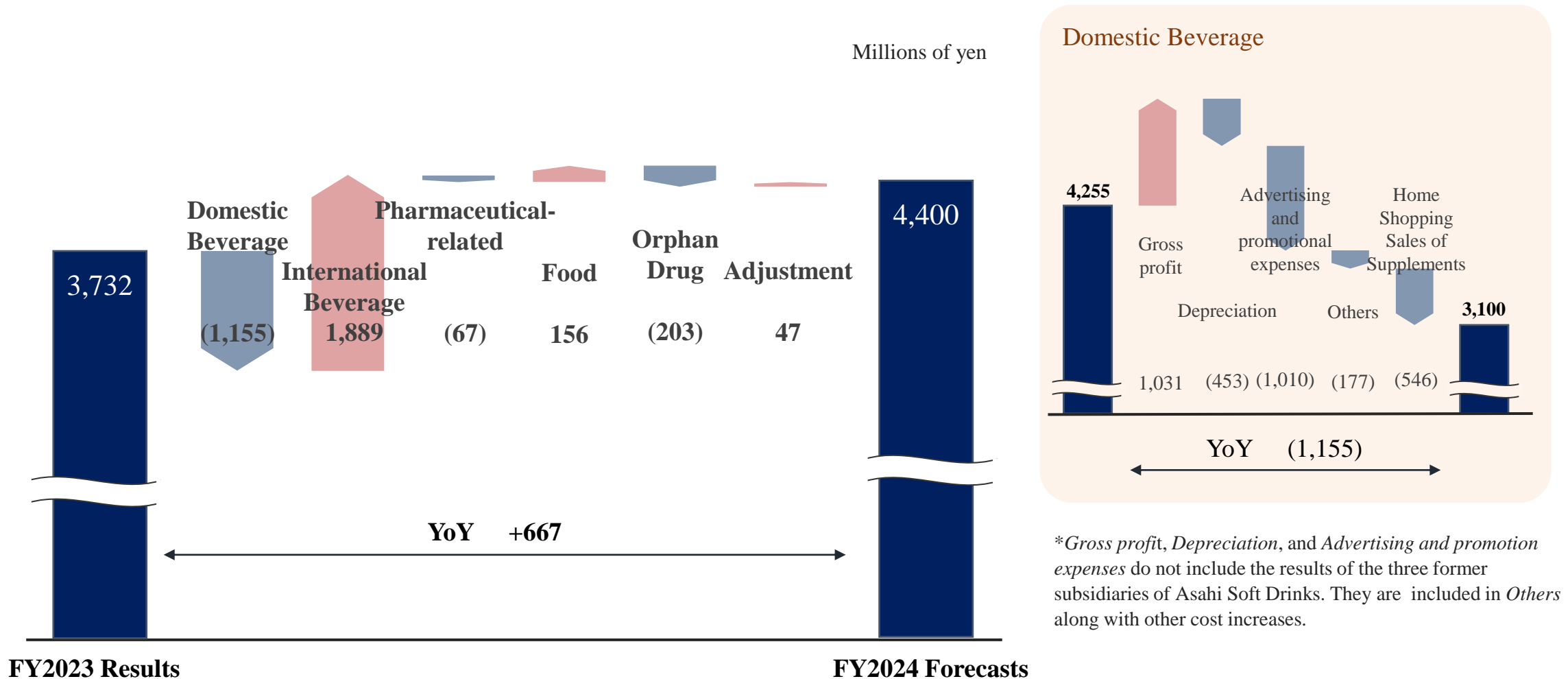
**Domestic Beverage Business is likely to do poorly because of lower beverage sales and higher advertising costs for supplements**  
**Consolidated operating profit is expected to rise due to better performance in the International Beverage and Food Businesses**

Millions of yen

	Full year									
	Hyperinflation accounting				Before application of hyperinflation accounting					
	FY2023 Results	FY2024 Forecasts	FY2024 % (YoY)	FY2024 Amount (YoY)	FY2023 Results	FY2024 Forecasts	FY2024 % (YoY)	FY2024 Amount (YoY)	Year-beginning announcements	Difference
Domestic Beverage Business	153,623	<b>152,400</b>	(0.8%)	(1,223)	153,623	<b>152,400</b>	(0.8%)	(1,223)	157,300	(4,900)
International Beverage Business	26,444	<b>53,500</b>	102.3%	27,055	26,527	<b>50,000</b>	88.5%	23,472	44,600	5,400
Pharmaceutical-related Business	12,963	<b>13,250</b>	2.2%	286	12,963	<b>13,250</b>	2.2%	286	13,600	(350)
Food Business	20,705	<b>21,200</b>	2.4%	494	20,705	<b>21,200</b>	2.4%	494	21,200	0
Orphan Drug Business	—	—	—	—	—	—	—	—	—	—
Adjustment	(366)	<b>(350)</b>	—	16	(366)	<b>(350)</b>	—	16	(500)	150
Total net sales	213,370	<b>240,000</b>	12.5%	26,629	213,453	<b>236,500</b>	10.8%	23,046	236,200	300
Domestic Beverage Business	4,255	<b>3,100</b>	(27.1%)	(1,155)	4,255	<b>3,100</b>	(27.1%)	(1,155)	4,600	(1,500)
International Beverage Business	1,110	<b>3,000</b>	170.1%	1,889	2,442	<b>4,700</b>	92.4%	2,257	2,800	1,900
Pharmaceutical-related Business	367	<b>300</b>	(18.4%)	(67)	367	<b>300</b>	(18.4%)	(67)	300	0
Food Business	993	<b>1,150</b>	15.7%	156	993	<b>1,150</b>	15.7%	156	900	250
Orphan Drug Business	(796)	<b>(1,000)</b>	—	(203)	(796)	<b>(1,000)</b>	—	(203)	(1,000)	0
Adjustment	(2,197)	<b>(2,150)</b>	—	47	(2,197)	<b>(2,150)</b>	—	47	(2,400)	250
Total operating profit	3,732	<b>4,400</b>	17.9%	667	5,065	<b>6,100</b>	20.4%	1,034	5,200	900

# Factors Affecting FY2024 Operating Profit Forecasts Compared to the Previous Year

Lower domestic beverage profit is expected to be offset by strong performance in other businesses

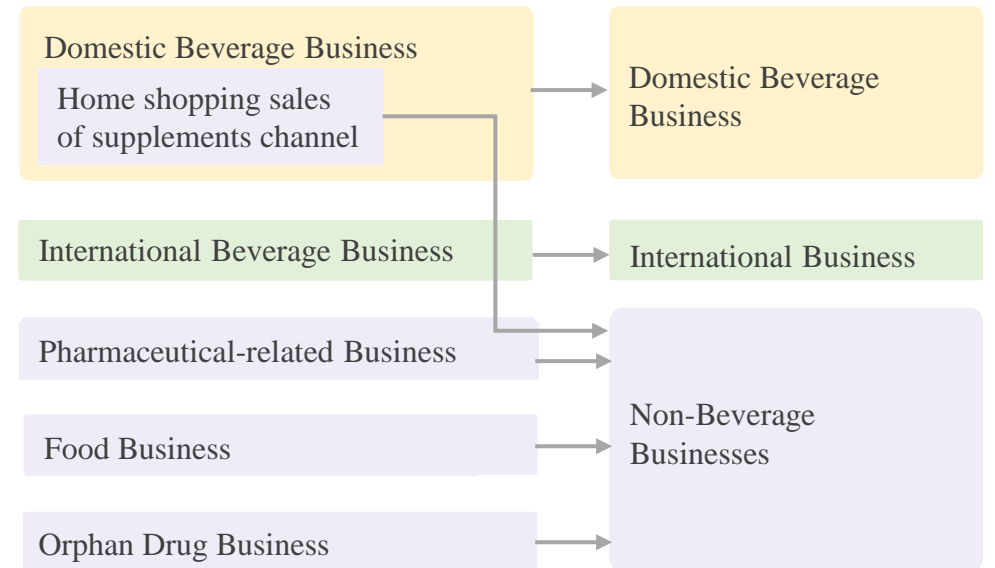


# 03 Group Mission 2030 / Mid-Term Business Plan 2026

## Business category

- Reporting segment

- Category under the basic policies of Group Mission 2030 (Classification in this section)



We have formulated it 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.

# 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



Business growth through partnerships

### Eight material issues aimed at sustainable growth



### Growth Strategies

### Organizational Foundation

### 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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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.



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\*<sup>1</sup>)

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

**carbon neutral by 2030**

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

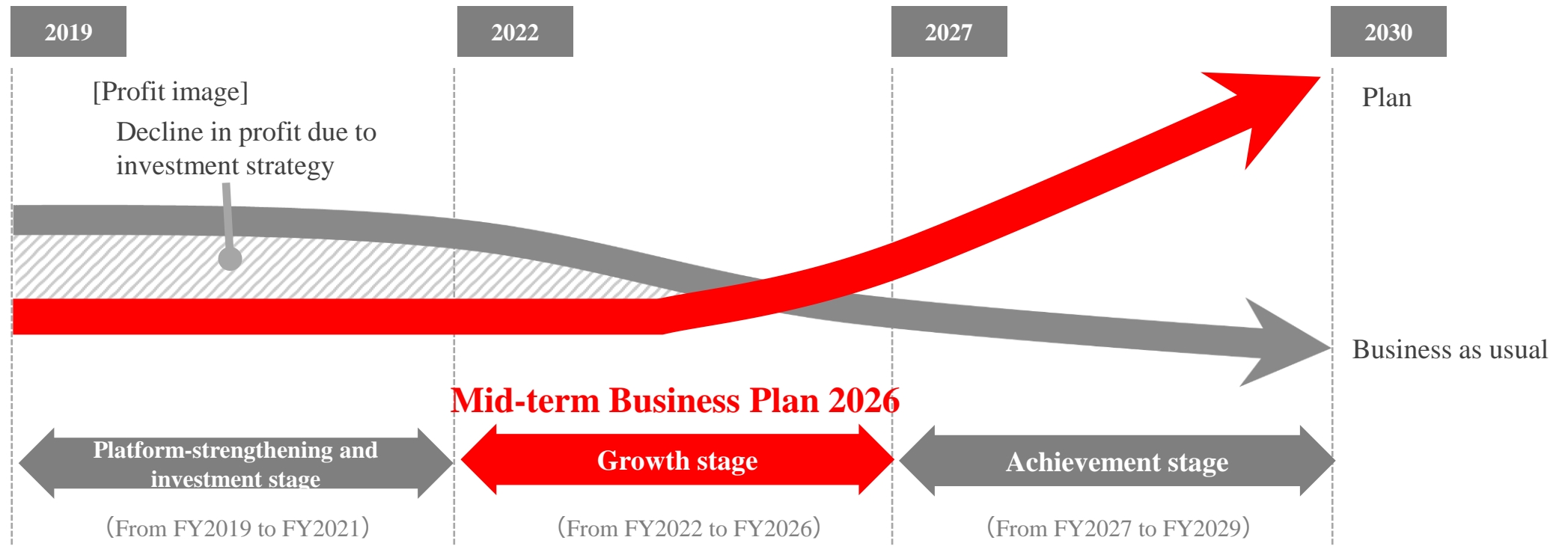
\*1 CO<sub>2</sub> emissions produced by vending machines operated by DyDo Beverage Service (Scope 3)

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

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

\*4 Calculated by dividing the total emissions for relevant group companies by total sales

We have divided the period up to 2030 into three stages to achieve Group Mission 2030

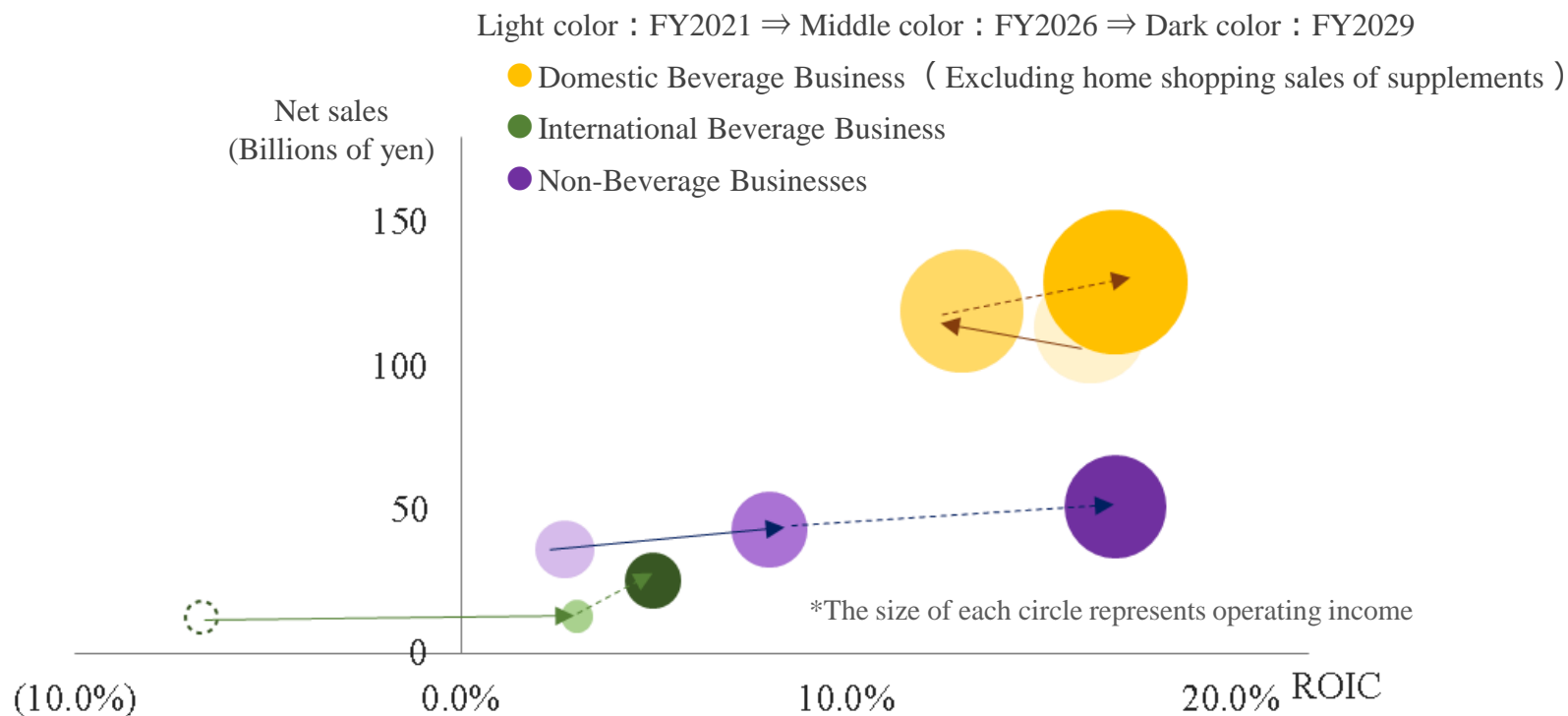




## We are laying a path back to a trajectory of renewed growth so as to progress to the Achievement Stage

- (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%**

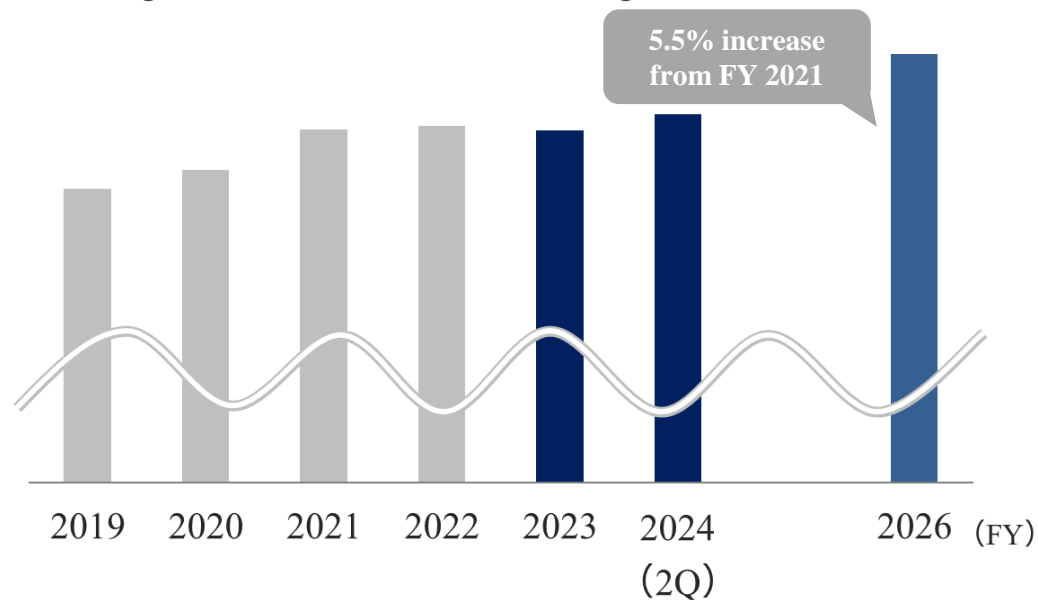
# To Increase the Number of Vending Machines

The number of vending machines is increasing, driven by machines that solve customers' problems

## The number of vending machines

- Since hitting a low in 2019, the number of vending machines has been on the rise due to strengthened sales systems and capabilities
- As of the second quarter of 2024, the installation of vending machines is progressing at a pace that exceeds the plan
- We will continue to focus on acquiring new prime locations for vending machines and controlling the removal of existing ones

## Changes in the number of our vending machines



## Background of the increase

- We offer solutions through vending machines to enhance innovation, convenience, fun, and address various customer and societal issues
- To propose solutions through our vending machines, we share success stories and continuously enhance our team members' skills
- Consequently, our vending machine sales, particularly to corporate clients, are thriving, resulting in an increased number of installations

## The value our vending machines bring to the world



- Innovation**
  - Leading the industry
  - Next-Gen Vending Machines
- Addressing Social Issues**
  - Eco-Friendly
  - Childcare Support
  - DE&I etc.
- Convenience**
  - Available Anytime, Anywhere
  - Tap or QR to Pay
  - Variety of Products
- Fun**
  - Unique Drinks
  - App "Smile Stand"

# Installation of Vending Machines to Fulfill Social Demands

We aim to address various social issues through vending machines

## LOVE the EARTH Venders

Eco-Friendly



From 2022

Approx. **3,400** units

## Vending machines that also sell baby diapers

For Childcare Support



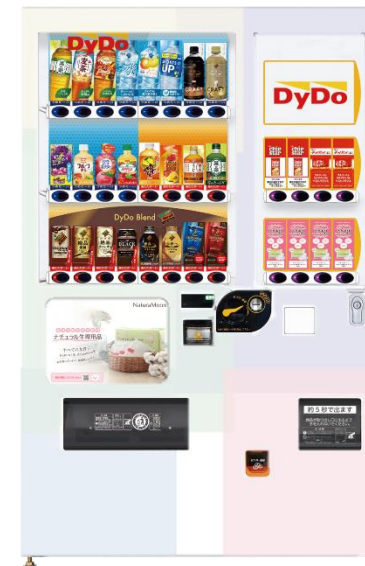
From 2019

Approx. **600** units

## Vending Machine for Women's Health Support\*

\* In addition to beverages, you can also buy sanitary napkins

For DE&I



From 2023

Approx. **40** units

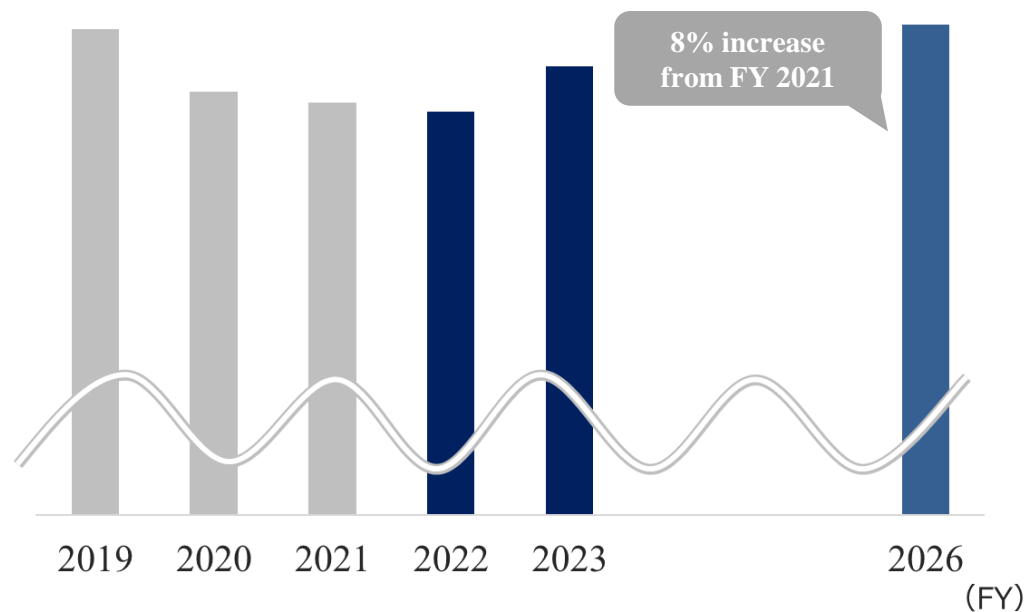
# To Improve Sales per Vending Machine

To improve sales per vending machine, we will implement various measures

## Sales per vending machine

- Sales per vending machine dropped during the COVID-19 pandemic but recovered in FY 2023 due to price changes.
- By the second quarter of FY 2024, sales per vending machine decreased due to an increase in the number of vending machines, despite a drop in overall sales.

### Changes in sales per vending machine



## Background of the decrease

- The vending machine market is down this year due to poor spring weather, more frugal consumers, and price differences with other channels
- Besides the market contraction mentioned above, the price revision we implemented independently in November 2023 led to a decrease in sales volume

## Strategy

- Develop Attractive Products: Create products that embody “Offering delicious products for sound mind and body” to gain loyal customers (P21)
- Revise Pricing Strategy: Review overall pricing strategy to increase flexibility (P22)
- Use AI for Smart Operations: Optimize product lineup per location and reduce lost sales opportunities due to stockouts (P33-34)
- Accelerate Cashless Payments: Improve vending machine convenience with a goal of having over 40% of our vending machines support cashless transactions by 2026

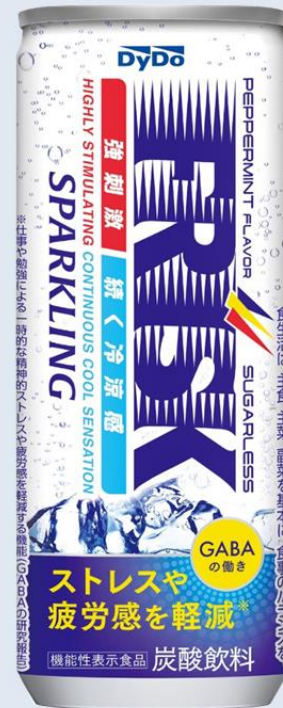
# Deliver products that are delicious for mind and body

Sales of ‘FRISK SPARKLING,’ released in May, are strong due to its popularity on media and social media

## FRISK SPARKLING

**World’s First\*<sup>1</sup>!  
FRISK Carbonated Drink  
(Sugar-Free)**

**Experience the Cooling  
Flavor with Intense  
Stimulation and Lasting  
Freshness!**



**With Functional  
Ingredient GABA\*<sup>2</sup> for  
“Fatigue Reduction” and  
“Stress Relief”  
(Foods with Functional Claims)**

### Function of GABA

GABA has been reported to reduce temporary mental stress and fatigue from work or study.

FRISK Official Licensee © 2024 Perfetti Van Melle.

\*1 First in the world to develop FRISK™ as a beverage (according to our research)

\*2 Abbreviation for Gamma Amino Butyric Acid (γ-Aminobutyric Acid). It is an amino acid widely present in the human body

# Deliver products that are delicious for mind and body

## We are offering discounts to better serve all our customers

### Recommended Prices for Coffee Drinks in Vending Machines

- We are lowering the vending machine price of two canned coffee products by 20 yen to 120 yen starting in August
- We offer a variety of high-quality, tasty products at affordable prices to provide value to our customers

New Price: ¥120  
(was ¥140)



As of August 27, 2024

# The situation and performance of the main Turkish Beverage Business

## We greatly improved sales and profitability in a challenging business environment

### Turkish Business Environment

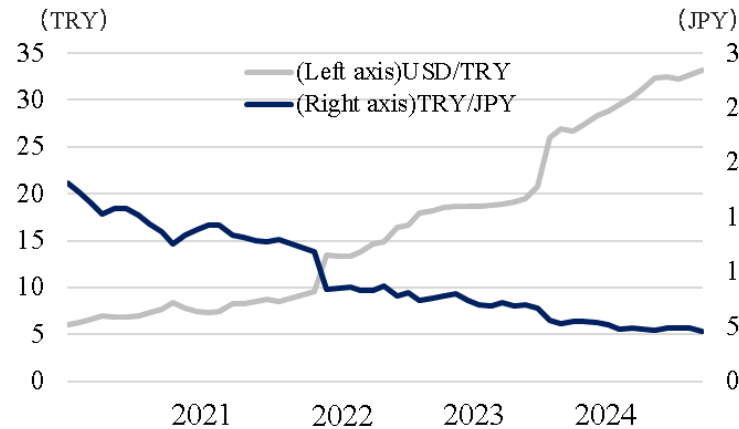
#### Economic Situation

- Costs are rising due to the ongoing fall of the lira and global inflation
- Hyperinflation is common in Turkey. To handle rising prices, the Turkish government regularly asks companies to raise the minimum wage

#### Beverage Market

- Global companies hold most of the market share
- There's been a boycott of American brands due to Middle Eastern issues since October 2023

### Trends in the Turkish Lira



### Trends in Inflation in Turkey



### Our Performance in Turkey

- Sales increased significantly in local currency due to strategic price revisions and quick sales actions
- Profitability greatly improved through price revisions and supply chain management reforms (details on the next page)
- With the lira being weak, we're boosting our exports abroad. We're mainly focusing on Muslim markets and doing business with over 20 countries

### Turkish Beverage Business First Half Performance (in local currency/ before application of hyperinflation accounting)



# Improving profit margins in the Turkish Beverage Business

## Our profits have increased due to recent improvements in our supply chain

### Supply Chain Management Reforms

- In 2022, we started managing the entire supply chain as one unit
- We have taken several actions across the supply chain, which have improved profitability
- We are also creating a lean and efficient operation system across the whole supply chain

### Towards Improving Profitability

Measures	About
Changes in Purchasing Price Conditions	We are reducing costs by getting better deals from suppliers due to increased production and by locking in future prices for some raw materials based on market trends
Supplier Review	We are getting better deals by reviewing and selecting suppliers for raw materials and delivery services
Reducing Write-offs and Returns	We are cutting down on waste and returns by managing inventory carefully and coordinating with sales to monitor customer stock levels
Building an Efficient Supply System	We are maintaining production efficiency by using performance indicators and quickly increasing production to meet demand, ensuring a stable and efficient supply system



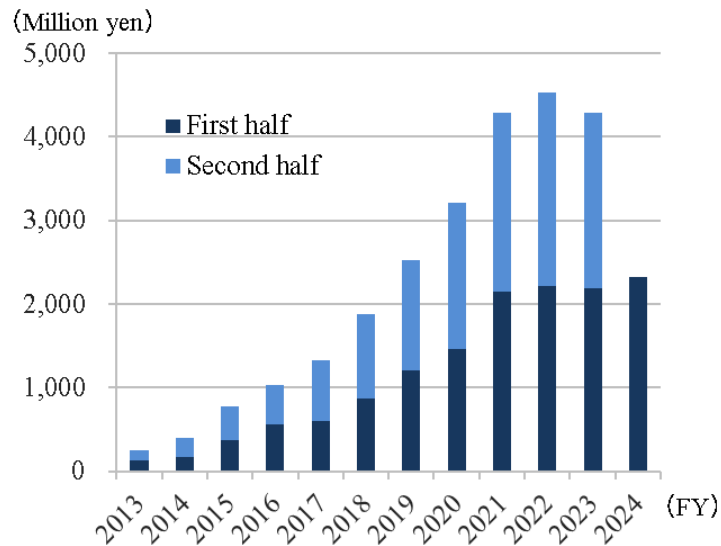
# For improving profitability in non-beverage businesses

## Growing sales and profits in each segment while adapting to changes

### Home Shopping Sales of Supplements

- A scandal at another company is affecting the whole industry. We're also seeing some impact, like lower ad efficiency, and we're quickly adjusting our ad spending
- We will focus on promoting DyDo's safe and reliable brand while staying updated on changes in the supplement market

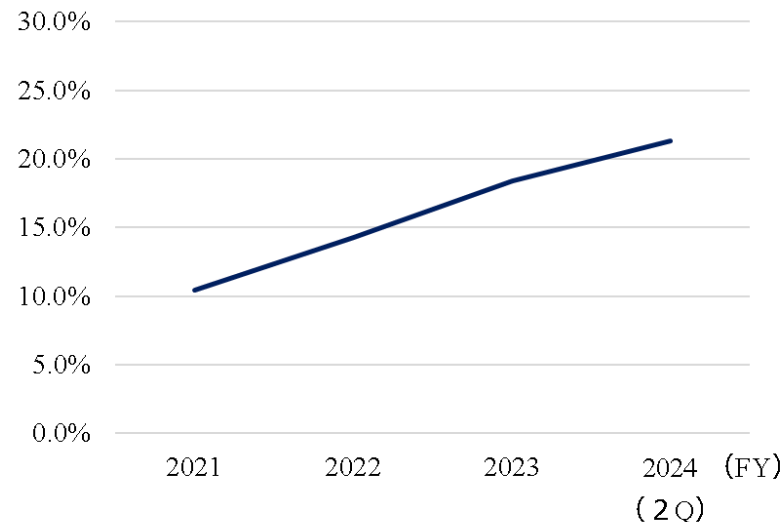
#### Sales trends of our supplement



### Pharmaceutical-related Business

- The pouch line, started in 2020, has successfully filled orders for quasi-drug products, compensating for the decline in the drop in drinkable preparations
- Because of this, we are strengthening our production system for pouch products by increasing staff and taking other measures

#### The proportion of sales from pouch products



### Food Business

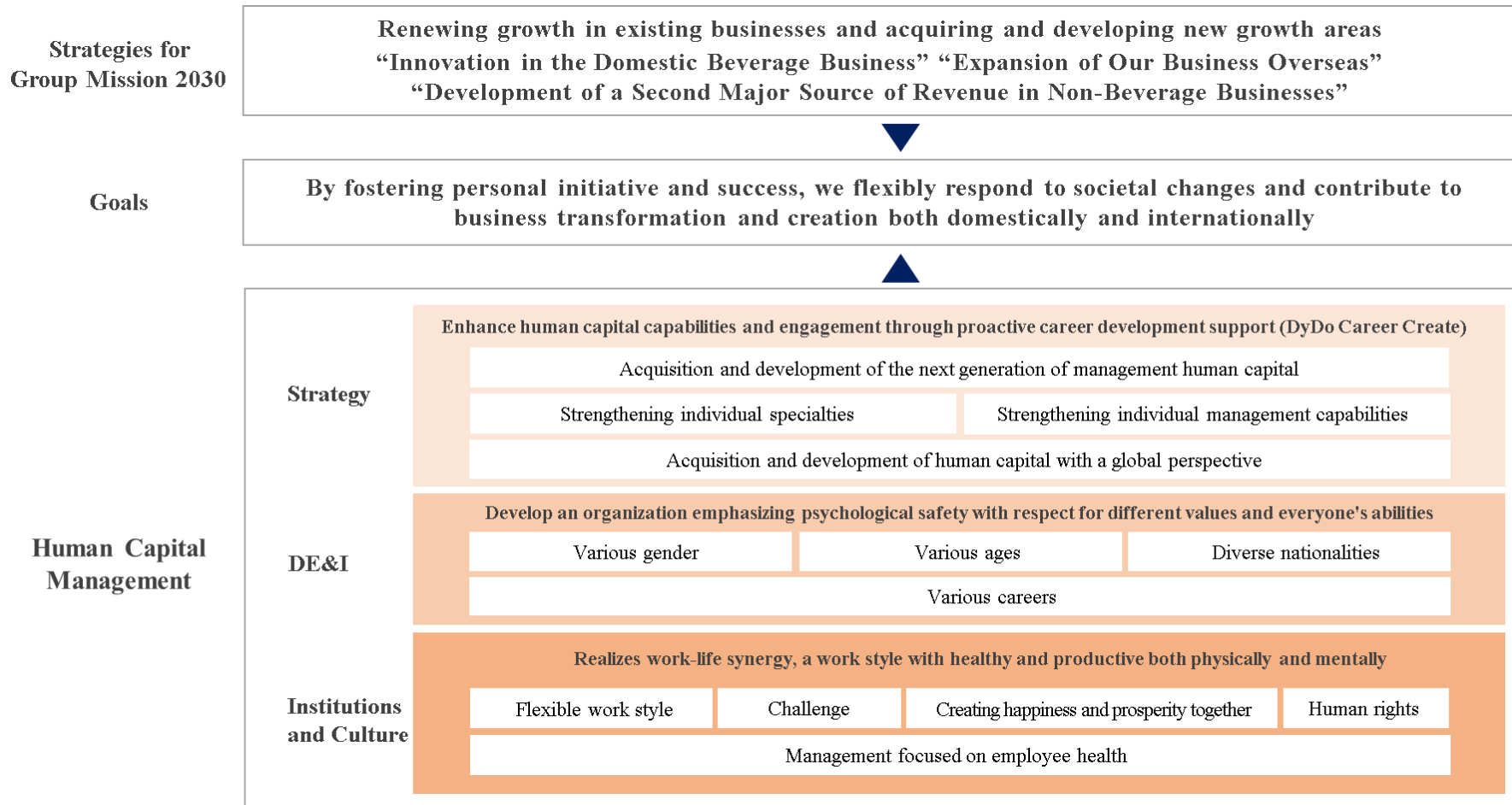
- Product sales are strong due to rising temperatures, but we expect a worker shortage in the medium term
- We are automating the factory line by adding AI capabilities. This will help address worker shortages and further improve and stabilize quality

#### An example of automation



AI cameras now do foreign object inspections, which used to be done manually. This started in September 2023

## In April 2024, we formulated a comprehensive framework for human capital management

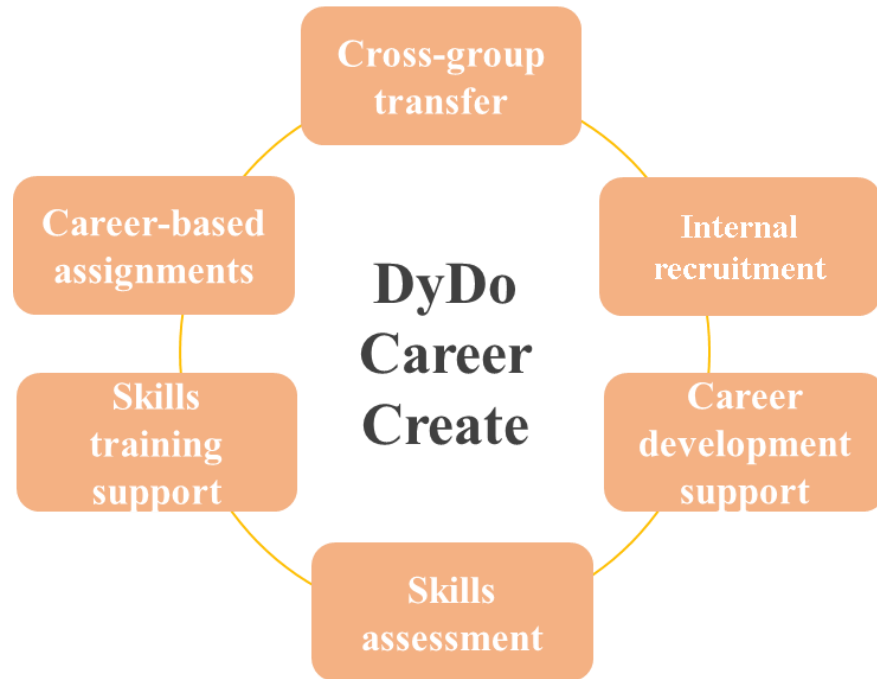


(Reference)  
 Corporate Governance Report P10-11  
[https://www.dydo-ghd.co.jp/en/ir/governance/pdf/20240417\\_01.pdf?ud=240417](https://www.dydo-ghd.co.jp/en/ir/governance/pdf/20240417_01.pdf?ud=240417)

As a strategy, we help talents build their careers to boost their skills and engagement

■ System for Career Development

Career development support for talents



We provide and approve environments and opportunities



Talents contribute to the company through their achievements and growth

Talent with the qualities we are looking for



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



## 04 Reference Materials

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# Application of revised restatements regulated in *Financial Reporting in Hyperinflationary Economies*

For financial statements for our subsidiary in Turkey, a major country for our International Beverage Business, since the second consolidated quarter of fiscal year 2022 we have been adding adjustments to our accounting in line with criteria set in IAS 29, *Financial Reporting in Hyperinflationary Economies*. In these materials, we refer to this as “hyperinflation accounting.”

## Overview of IAS 29 *Financial Reporting in Hyperinflationary Economies*

- (1) An economy is deemed to be hyperinflationary if its cumulative inflation rate for a period of three years approaches to, or exceeds, 100% (in Turkey’s case, the rate for March 2022 exceeded 100%)
- (2) When converting Turkish lira amounts to Japanese yen, assets/liabilities and revenue/expenses must be converted using the rate on the day of settlement

	Conventional standards	After application of IAS 29 criteria
Balance sheet items	Rate on day of settlement	Rate on day of settlement
Profit/loss statement items	Average rate during period	

- (3) Fluctuations in price indices must be reflected in financial statements
  - Impact on balance sheets
    - Revised restatements for inventories; property, plant and equipment; intangible assets; and other non-monetary investment assets; take into account fluctuations in price indices from the day of acquisition to the end of the fiscal year. For capital, this period is from the time of investment to the end of the fiscal year
    - Retained earnings reflect cumulative effects to the end of the period
  - Impact on profit/loss statements
    - All items are, in principle, revised based on fluctuations in price indices from the time of the individual transaction to the end of the fiscal year

# Major impacts of the application of hyperinflation accounting

This page offers a simplified representation of parts of the hyperinflation accounting process.



## Major impacts on balance sheets

Financial assets	Interest-bearing debt
Accounts receivable	Accounts payable
Inventories (1)	Other
• Property, plant and equipment	Net assets
Intangible assets	Capital (2) (3)
Other	Retained earnings

- (1) Revised restatements in line with fluctuations in price indices between the day of acquisition/transaction and the end of the fiscal year
- (2) Revised restatements in line with fluctuations in price indices between the time of investment and the end of the fiscal year
- (3) Reflects cumulative effects to the end of the period

## Major impacts on profit/loss statements

(Millions of yen)	Impact amount on consolidated profit/loss statements (difference from conventional standards)
Net sales	1,469
Cost of sales	
Gross profit	
SG&A	
Depreciation	
Operating profit	(620)
Non-operating expenses	(402)
Ordinary profit	(1,023)
Corporation tax, etc.	(303)
Net profit	(719)

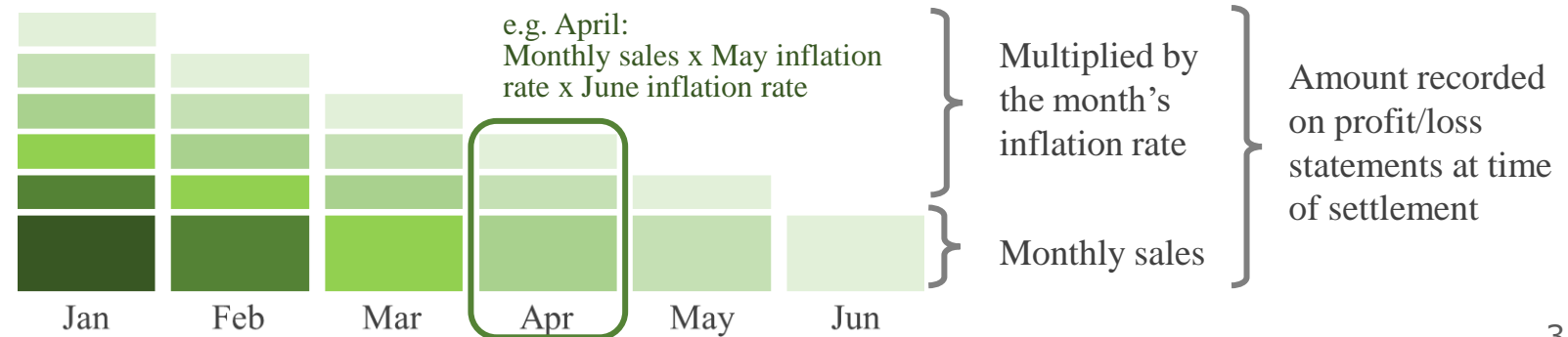
Multiplied by monthly inflation rates to create local financial statements

Based on post-revision assets, depreciation (manufacturing cost prices/SG&A), etc., are recalculated

The impact of inflation on net monetary position is recorded as a loss

Increase in adjustment amounts for corporation tax, etc.

## Sales and cost accounting (prior to conversion into yen)



**Net sales decreased due to lower volume caused by price revisions and poor weather in early spring**  
**Profit decreased due to advertising investments in supplement sales and various costs, including those related to smart operation**

Millions of yen

	2nd quarter					Full year						
	FY2023		FY2024		% (YoY)	Amount (YoY)	FY2023		FY2024			
	Results	Composition ratio	Results	Composition ratio			Forecasts	Composition ratio	% (YoY)	Amount (YoY)		
Net sales	74,253	—	<b>73,009</b>	—	(1.7%)	(1,243)	153,623	—	<b>152,400</b>	—	(0.8%)	(1,223)
Operating profit	1,847	2.5%	<b>(238)</b>	(0.3%)	—	(2,085)	4,255	2.8%	<b>3,100</b>	2.0%	(27.1%)	(1,155)
Depreciation	2,522		<b>2,715</b>		7.6%	192	5,147		<b>5,600</b>		8.8%	452
Amortization of goodwill	51		<b>51</b>		0.0%	0	103		<b>100</b>		(3.8%)	(3)

(From January 21st to July 20th)

**Vending Machine Channel:** Net sales decreased due to lower volume caused by price revisions ahead of competitors and the effects of poor weather in early spring. Gross profit declined due to a drop in volume, although unit prices improved as a result of price revisions. Sales efforts for new vending machines are progressing smoothly, and the number of vending machines is increasing at a pace exceeding the plan.

**Distribution Channel:** We are focusing on profitability by optimizing promotional expenses and making our investments more effective, with competitors increasing their promotional investments. We are also promoting unique, high-value products that aren't easily affected by market price changes.

**Home Shopping Sales of Supplements:** Net sales increased due to active advertising investments, resulting in more shipments to regular customers. However, a scandal at another company is affecting the whole industry, impacting our advertising efficiency. We are responding flexibly by adjusting our advertising investments.

**Sales by channel**

Millions of yen / Thousands of bottles

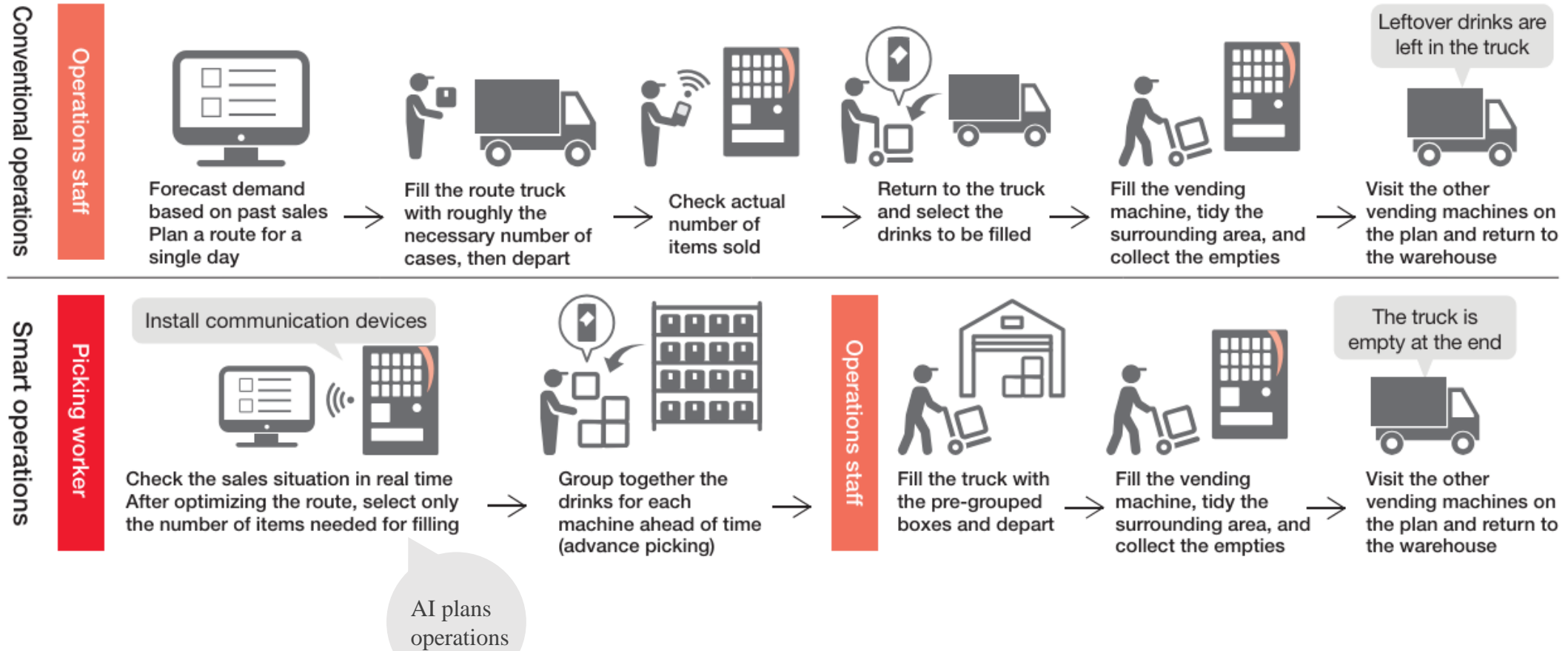
	FY2023 2Q	FY2024 2Q	
		% (YoY)	Amount (YoY)
Net sales	Vending machine	65,542	<b>63,854</b> (2.6%) (1,687)
	(conventional comparable base*)	47,344	<b>45,669</b> (3.5%) (1,674)
	Distribution・Export	6,517	<b>6,829</b> 4.8% 312
	Home Shopping Sales of Supplements	2,193	<b>2,325</b> 6.0% 131
	Total	74,253	<b>73,009</b> (1.7%) (1,243)
Bottles	(conventional comparable base*)	56,055	<b>54,824</b> (2.2%) (1,230)
	Vending machine	686,287	<b>624,472</b> (9.0%) (61,814)
	(conventional comparable base*)	516,648	<b>467,103</b> (9.6%) (49,544)
	Distribution	111,712	<b>103,773</b> (7.1%) (7,938)
	Total	797,999	<b>728,246</b> (8.7%) (69,752)
(conventional comparable base*)	628,360	<b>570,877</b> (9.1%) (57,482)	

\*Excluding three former subsidiaries of Asahi Soft Drinks Co., Ltd.



## Operational efficiency and labor savings in vending machine operations through the deployment of a system that utilizes digital technology

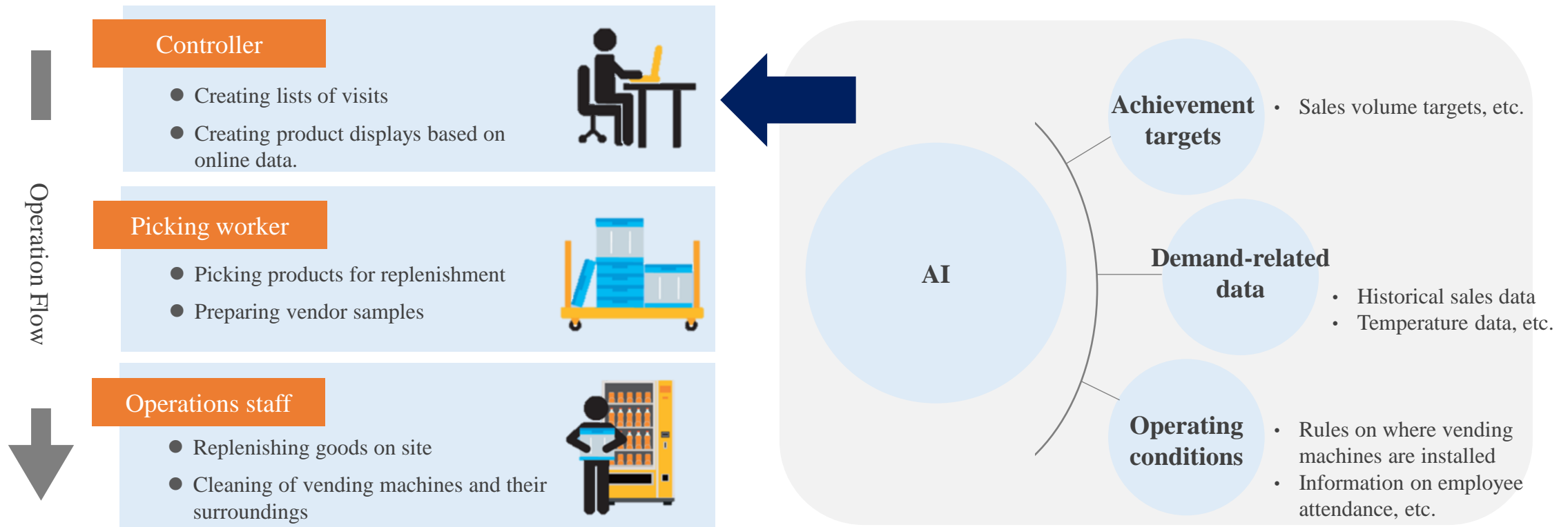
### Smart Operation Workflow



## Using AI to plan vending machine operations to further improve efficiency

### Value creation initiatives through Smart Operation

- New core system revamped for smart operation
- Introducing AI to plan visit lists and replenishment products, aiming to further streamline operations and improve sales

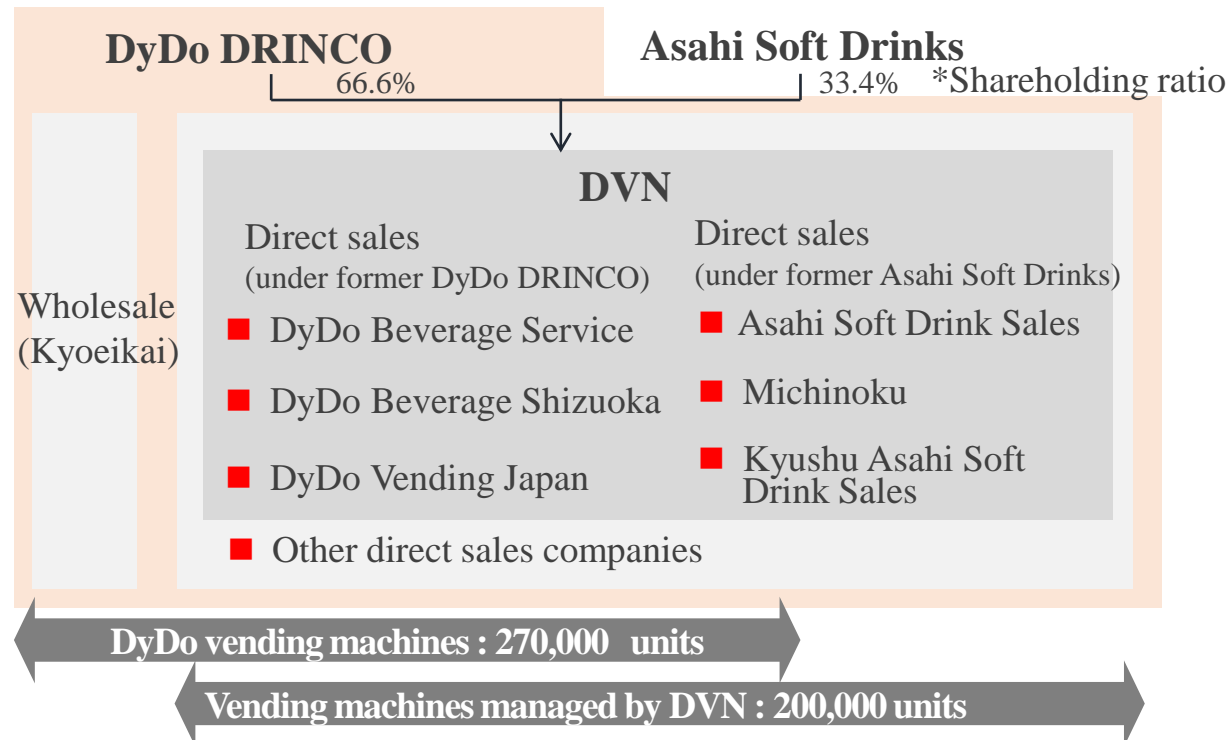


## Pursue operational synergies through integrated management of direct sales channels

### Dynamic Vending Network, Inc. (DVN)

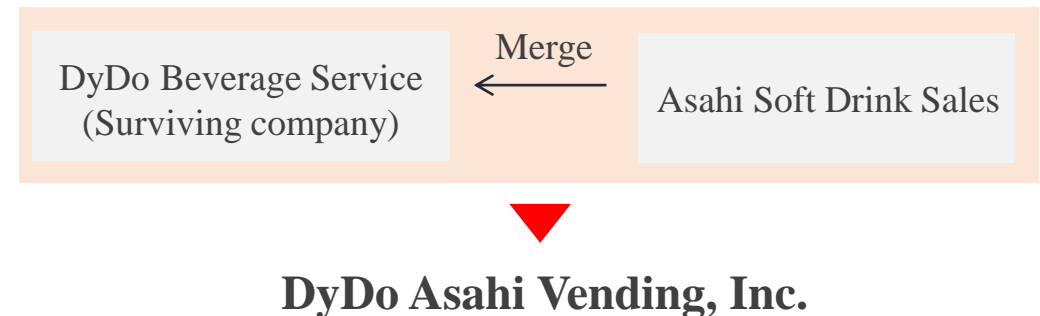
- Established on January 23, 2023 as a joint venture for integrated operation of direct sales channel
- Deploying DyDo's Smart Operation to DVN to improve operational speed, quality control capabilities, and productivity
- Through this initiative, the company aim to resolve the issues of labor shortages and job security in the future.

### Chart of DVN



### Integration of subsidiaries (DyDo Asahi Vending, Inc.)

- DyDo Beverage Service plans to merge with Asahi Soft Drinks Sales as of January 21, 2025
- At the same time, the name is changed to "DyDo Asahi Vending, Inc."
- Aiming to create operational synergies



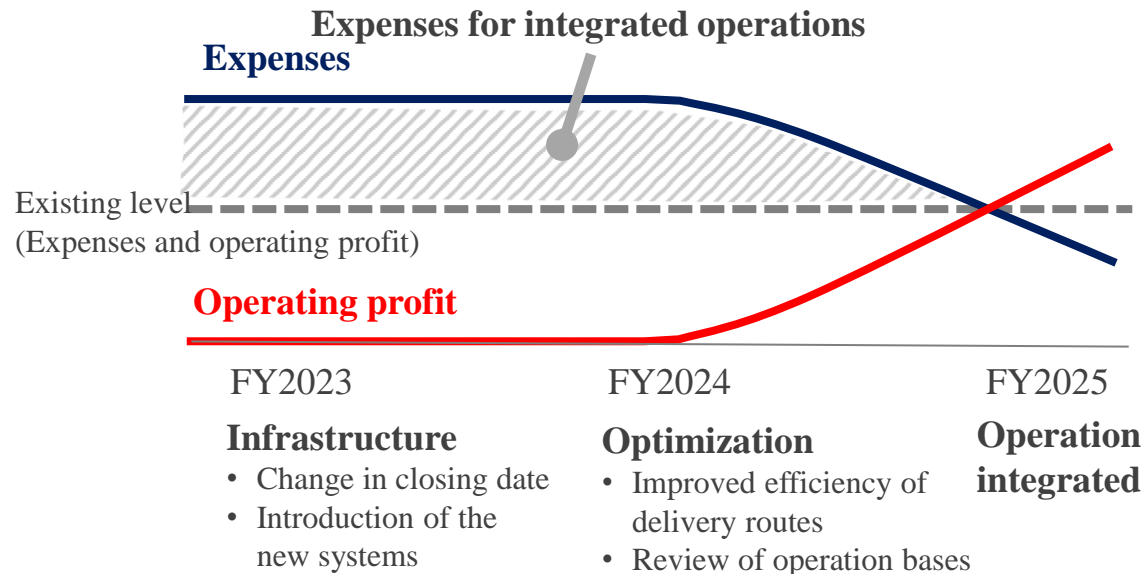
## Generate profit by continuously improving and deploying Smart Operation

### Smart Operation to Dynamic Vending Network, Inc.

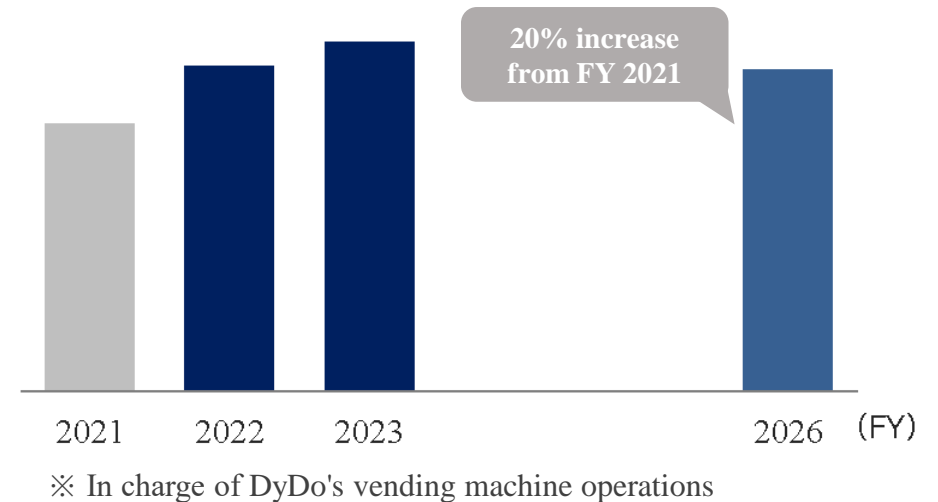
#### Smart Operation (SM·O) Deployment Plan

	2019	2020	2021	2022	2023	2024	After 2025
To DyDo DRINCO's former subsidiaries	█						
Introducing AI to SM·O					█		
To Asahi Soft Drinks's former subsidiaries						█	

#### Image of expenses and operating profit in DVN



#### Changes in sales per person\*

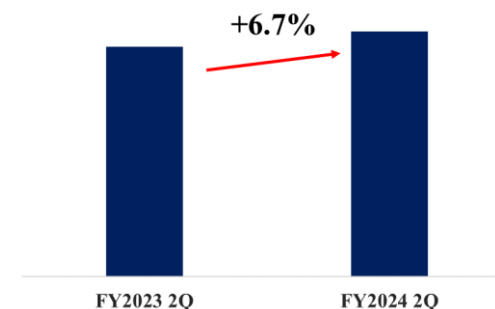


Responding to ongoing cost increases, we secure an appropriate level of profit, including implementing price revisions.

## Implementing price revisions to ensure an appropriate level of profit

- Costs for ingredients, bottles, packaging, processing fees, and delivery costs are rising from FY 2022 onward.
- Aiming not only to reduce costs, but also to secure an appropriate level of profit through price revisions.

## Change in average sales price per unit



\*Excluding former subsidiaries of Asahi Soft Drinks and Home Shopping Sales of Supplements channel.

## The Status of Price Revisions Since Fiscal Year 2022

Start Date	1st October 2022	1st May 2023	1st November 2023	21st August 2024	1st October 2024
Items	Bottle-canned and PET coffees, along with soft drinks* were mainly	SOT(Stay-on Tab) coffees were mainly	Bottle-canned and PET coffees, along with soft drinks* were mainly	Two canned coffee products (details on P22)	Bottle-canned and PET coffees, along with soft drinks* were mainly
Channel					
	Vending Machines ●	●	●	●	—
	Distribute ●	●	—	—	●
Price of revisions	List prices increased by 9 to 25%	List prices increased by 7 to 22%	Vending machines prices increased by 10 to 30 yen	Vending machines prices decreased by 20 yen	List prices increased by 12 to 20%

\*Some products were not eligible.

**Both net sales and operating profit increased significantly due to a breakthrough in the Turkish Beverage Business and the positive impact of adding a Polish subsidiary**

Millions of yen

	2nd quarter								Full year (Before application of hyperinflation accounting)					
	FY2023		FY2024				(Ref) Before application of hyperinflation accounting		FY2023		FY2024			
	Results	Composition ratio	Results	Composition ratio	% (YoY)	Amount (YoY)	Results	Impact on performance	Results	Composition ratio	Forecasts	Composition ratio	% (YoY)	Amount (YoY)
Net sales	10,459	—	<b>26,757</b>	—	155.8%	16,298	25,287	1,469	26,444	—	53,500	—	102.3%	27,055
Operating profit before subtracting amortization of goodwill	462	4.4%	<b>2,522</b>	9.4%	445.8%	2,060	3,154	(632)	1,110	4.2%	3,470	6.5%	212.4%	2,359
Amortization of goodwill* <sup>1</sup>	—	—	<b>218</b>	0.8%	—	218	230	(11)	—	—	470	0.9%	—	470
Segment profit	462	4.4%	<b>2,303</b>	8.6%	398.6%	1,841	2,924	(620)	1,110	4.2%	3,000	5.6%	170.1%	1,889
Depreciation	343		<b>807</b>		135.5%	464	494	313	859		1,800		109.5%	940
JPY per TRY* <sup>2</sup>	5.57yen		<b>4.91yen</b>		(0.66yen)		<b>4.83yen</b>	0.08yen	4.82yen		4.20yen		(0.62yen)	
JPY per PLN	—		<b>38.55yen</b>		—		—	—	—		37.00yen		—	
JPY per CNY	19.55yen		<b>21.26yen</b>		1.71yen		—	—	19.87yen		21.10yen		1.23yen	

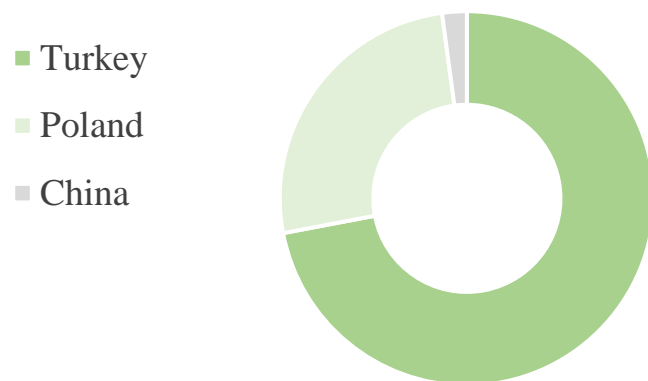
\*1 It is calculated on a provisional basis for the amortization of goodwill related to the acquisition of the Polish subsidiary

(From January 1st to June 30th)

\*2 The Turkish lira's average rate is used before applying hyperinflation accounting, and the end-of-period rate is used after applying that.

### Both net sales and operating profit increased significantly due to a breakthrough in the Turkish Beverage Business and the positive impact of adding a Polish subsidiary

#### Net sales ratio by region



#### Poland

- The acquisition was completed in February. Profit was better than expected because sales expanded faster than initially anticipated. Additionally, lower raw material costs due to higher zloty prices contributed to this improvement.

#### China

- Sales of locally produced items such as "Barley Tea" and "Black Tea" were strong, and the newly launched "Oolong Tea" and "Green Tea" were distributed well, establishing a certain position in the unsweetened tea category in the Chinese beverage market.

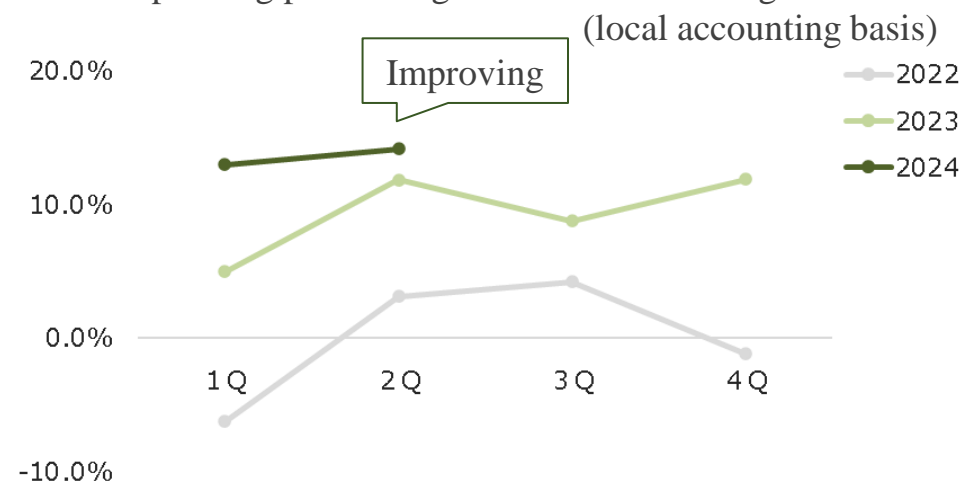
#### Turkey

- Net sales on a local currency basis increased 2.2 times from the previous year. Besides strategic price revisions and sales promotion activities, there was a surge in orders for certain products in response to the Middle East crisis.
- Significant increase in profit due to higher sales and effects of cost reductions.

#### Turkish Beverage Business on a local accounting basis

Compared to the Previous Year	1 Q	2 Q	3 Q	4 Q	Total
Net sales	+137%	+107%			+120%
Sales volume	+16.5%	+18.7%			+17.6%

#### Trends in operating profit margin of Turkish Beverage Business



## Record net sales in the second quarter driven by strong orders for quasi-drug pouched products

Millions of yen

	2nd quarter						Full year					
	FY2023		FY2024				FY2023		FY2024			
	Results	Composition ratio	Results	Composition ratio	% (YoY)	Amount (YoY)	Results	Composition ratio	Forecasts	Composition ratio	% (YoY)	Amount (YoY)
Net sales	6,386	—	<b>6,872</b>	—	7.6%	485	12,963	—	<b>13,250</b>	—	2.2%	286
Operating profit	239	3.8%	<b>324</b>	4.7%	35.3%	84	367	2.8%	<b>300</b>	2.3%	(18.4%)	(67)
Depreciation	575		<b>581</b>		1.0%	5	1,160		<b>1,200</b>		3.4%	39

(From January 21st to July 20th)

- Although the drinkable preparation market is shrinking, the market for pouch products continues to expand due to strong demand.
- Achieved record net sales in the first quarter due to strong orders for drinkable preparations and orders for pouch products of designated quasi-drugs.
- Profit increase due to higher raw material prices absorbed by the effect of increased sales and improved plant utilization.
- We are strengthening our production capacity for pouch products by increasing staff and taking other measures

### DAIDO Yakuhin's Plants

	Product format	Yearly production capacity	
		Lines	Units
Nara plant	Bottles	4 lines	350 million units
	Pouches	1 line	45 million units
Kanto plant	Bottles	1 line	150 million units



Types of container DAIDO Yakuhin is able to contract manufacture



**Both net sales and operating profit increased, thanks to the continued warm weather throughout the year, successful sales activities, and improved factory productivity**

Millions of yen

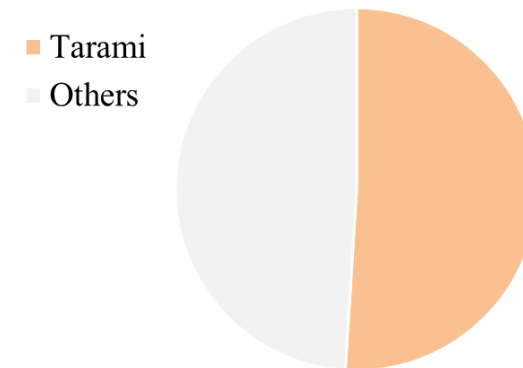
	2nd quarter						Full year					
	FY2023		FY2024				FY2023		FY2024			
	Results	Composition ratio	Results	Composition ratio	% (YoY)	Amount (YoY)	Results	Composition ratio	Forecasts	Composition ratio	% (YoY)	Amount (YoY)
Net sales	10,850	—	<b>11,106</b>	—	2.4%	255	20,705	—	<b>21,200</b>	—	2.4%	494
Operating profit before subtracting amortization of goodwill, etc.	952	8.8%	<b>1,073</b>	9.7%	12.7%	120	1,345	6.5%	<b>1,500</b>	7.1%	11.5%	154
Amortization of goodwill, etc.	175	1.6%	<b>173</b>	1.6%	(1.1%)	(1)	351	1.7%	<b>350</b>	1.7%	(0.5%)	(1)
Operatint profit	776	7.2%	<b>899</b>	8.1%	15.8%	122	993	4.8%	<b>1,150</b>	5.4%	15.7%	156
Depreciation*	440		<b>418</b>		(5.0%)	(22)	848		<b>600</b>		(29.3%)	(248)

\*Depreciation includes a portion of Amortization of goodwill etc.

(From January 1st to June 30th)

- The dry jelly and pouch jelly markets grew due to higher unit sales prices and increased demand from good weather. The konnyaku jelly market remained weak.
- Net sales increased due to the effect of price revisions implemented in March 2024, along with continued warm weather throughout the year and successful sales activities.
- Operating profit increased due to higher sales and improved factory productivity, despite upward pressure on various costs caused by the yen's depreciation and inflation.

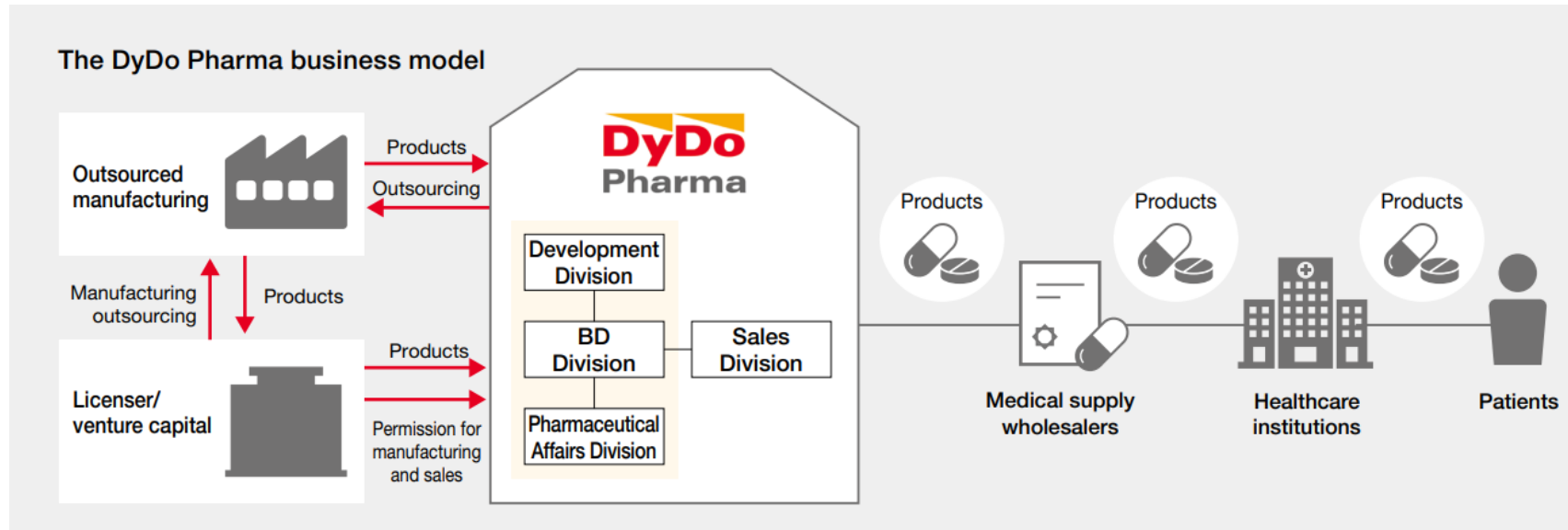
**Tarami's share of the dry jelly market**



\* Including Private Brand/Based on our own research

### Cultivate "Orphan drug Business" as main drivers of future profit from a long-term perspective

#### Business model



#### Development pipeline (as of August 2024)

- DYD-701

Expected indication : Familial LCAT deficiency  
A physician-led test is now being conducted at Chiba University targeting patients with familial LCAT deficiency

- DYD-301 (amifampridine)

Submitted an application for manufacturing and marketing approval in Japan in December 2023 for the treatment of patients with Lambert-Eaton myasthenic syndrome (LEMS/ orphan disease drug designation).

We will promote initiatives aimed at achieving the goal of Mid-term Business Plan 2026 and aim to recover cash flows

## Principal Changes in Free Cash Flow

2nd quarter	Millions of yen		
	FY2023	FY2024	Amount (YoY)
EBITDA (Operation profit + depreciation costs + amortization of goodwill)	6,967	7,667	700
Amount of change in working capital cash flow	(3,198)	(2,461)	736
Other	(1,082)	295	1,377
Operating cash flow (a)	2,685	5,500	2,814
Expenditures related to the acquisition of tangible and intangible fixed assets (b)	(5,841)	(3,604)	2,237
Free cash flow (a-b)	(3,156)	1,895	5,051

## Capital investment

2nd quarter	Millions of yen		
	FY2023	FY2024	Amount (YoY)
Domestic Beverage	5,522	3,952	(1,569)
International Beverage	423	2,015	1,592
Pharmaceutical-related	298	161	(137)
Food	200	282	81
Orphan Drug Business • Other	339	91	(248)
Total	6,785	6,504	(280)

## Depreciation costs

		Millions of yen	
FY2023	FY2024	Amount (YoY)	
2,522	2,715	192	
343	807	464	
575	581	5	
440	418	(22)	
357	405	48	
4,238	4,928	689	