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October 16, 2017

Company: DyDo Group Holdings, Inc.
Representative: Tomiya Takamatsu, President
(Code 2590 on the First Section of the Tokyo Stock Exchange)
Inquiries: Naokazu Hasegawa, Corporate Officer
and General Manager of Corporate Communication Department

Notice Regarding Change in a Sub-subsidiary Company

Meeting today, the Board of Directors of DyDo Group Holdings ("the Company") resolved to have Della Gıda Sanayi ve Ticaret A.Ş. ("Della"), a 90% owned subsidiary headquartered in Istanbul, Republic of Turkey, acquire Merpez Ticaret Turizm Gıda Tarım Pazarlama Emlak İnşaat Sanayi İthalat ve İhracat Limited Şirketi ("Merpez"), a manufacturer and seller of mineral water headquartered in Muğla Province, Republic of Turkey. Della will make Merpez a subsidiary by acquiring 80% of the company's shares once the latter converts itself to a joint stock company and issues new shares.

1. Reason for acquisition

Having identified the aggressive development of its business overseas as a medium-term growth strategy, the DyDo Group has been focusing on putting in place a business foundation that will facilitate brisk growth in the future, most recently by completing the acquisition of four beverage companies in the Republic of Turkey in February 2016 to serve as strategic bases in the Islamic world.

With sales of Saka mineral water growing briskly in the Turkish beverage market, Della had been considering investing in a manufacturing plant due to the difficulty of meeting additional demand with the production capacity of its single mineral water plant in northern Turkey.

By acquiring Merpez, which operates a mineral water plant in southwestern Turkey, Della will obtain a plant and water source in a geographically complementary area, put in place production structures to deal with sustained growth, and streamline distribution by operating two mineral water plants in the southern and northern parts of the country.

2. Overview of subsidiary to be acquired

(1) Name	Merpez Ticaret Turizm Gıda Tarım Pazarlama Emlak İnşaat Sanayi İthalat ve İhracat Limited Şirketi	
(2) Address	Yayla Quarter, Merkez Street, No:294/A-B-C Köyceğiz – Muğla	
(3) Representative	Ayhan Merpez	
(4) Business, brand	Business: Manufacture and sale of mineral water Brand: Mavidağ	
(5) Capital	TRY 2 million (equivalent to JPY 62 million*) *Calculated at the rate of TRY 1 = JPY 31	
(6) Date of establishment	August 10, 1995	
(7) Major shareholders and respective shares	Mehmet Merpez (20%), Turan Merpez (20%), Ayhan Merpez (20%), Orhan Merpez (20%), Halil Merpez (20%)	
(8) Relationship between listed company and company to be acquired	Capital relationship	There is no capital relationship between the Company and Merpez.
	Personnel relationships	There are no personnel relationships requiring disclosure between the Company and Merpez.
	Business transactions	There are no business transactions requiring disclosure between the Company and Merpez.
	Applicability of related parties	There is no capital relationship, personnel relationships, or business transactions requiring disclosure between officials of the Company or its affiliates and officials of Merpez or its affiliates.

(9) Last 3 years of business results and financial situation of Merpez Unit: Thousands of TRY

Fiscal year ended	September 2014	September 2015	September 2016
Net assets	1,458	1,696	1,886
Total assets	18,354	32,590	30,984
Consolidated net assets per share (TRY) *Outstanding shares: 2,000	729	848	943
Net sales	14,864	18,488	18,511
Operation profit	916	658	2,483
Current net earnings	704	238	(189)
Earnings per share (TRY)	352	119	(94)

*Information shown is the latest available as of the writing of this release. Business performance has been stated according to Turkish accounting standards.

3. Share ownership percentage before and after acquisition and cost of investment

	Percentage owned
Before acquisition	0%
After acquisition	80%

The Company expects the acquisition to entail a total investment of TRY 23.4 million (equivalent to JPY 725 million*). The amount to be appropriated to capital will be determined at the time of closing.

*Calculated at the rate of TRY 1 = JPY 31.

4. Schedule

October 16, 2017 : Board of Directors resolution
Late November 2017 (tentative) :Closing

5. Future outlook

The acquisition will have a minimal impact on the Company's consolidated business performance during the fiscal year ending January 2018.

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